



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: February 20, 2014

SUBJECT: **Draft City of Urbana and Urbana HOME Consortium (Champaign/Urbana/Champaign County) Annual Action Plan – FY 2014-2015**

Description

Included on the agenda of the February 25, 2014 meeting of the Urbana Community Development Commission is a review of the Draft City of Urbana and Urbana HOME Consortium FY 2014-2015 Annual Action Plan (AAP). Staff is requesting public input and recommendations regarding proposed programs, projects, and budgets outlined in the AAP for FY 2014-2015.

Issues

The issue is for the Community Development Commission (CDC) to review the Draft AAP for FY 2014-2015 and provide input regarding the proposed allocations of funding. The Draft AAP for FY 2014-2015 will be made available for public review and comment beginning February 25, 2014. At the end of the thirty-day public review period, staff will incorporate public comments and CDC input into the Draft Action Plan. During its March 25, 2014 regular meeting, CDC will review the draft with changes and will be asked to make a recommendation to the Urbana City Council regarding approval of the FY 2014-2015 AAP.

Background

The Department of Housing and Urban Development (HUD) sent a Notice dated December 13, 2013, in which grantees are advised not to submit their annual action plan until the FY 2014 formula allocations have been announced, and that it may be necessary to revise their action plan before submission to HUD. It is also suggested that grantees include “contingency provision” language in their action plan which explains how the plan will be adjusted to match the actual allocation amounts, once actual amounts become known. 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.

For the purposes of the Draft AAP, the City of Urbana and Urbana Consortium assume that the allocations for FY 2014-2015 will be at the same level as was allocated for the previous fiscal year. In FY 2013-2014, the HOME allocation was **\$693,396** and the CDBG allocation was **\$373,708**.

In accordance with the Citizen Participation Plan outlined in the City of Urbana and Urbana HOME Consortium Consolidated Plan for FY 2010-2014, 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 these public meetings/hearings that were held as follows:

NEIGHBORHOOD OPEN HOUSES/PUBLIC HEARINGS

- Wednesday, January 8, 2014, 6:30 PM
Crystal View Townhomes Community Center, 102 E. Stebbins Drive, Urbana
- Thursday, January 9, 2014, 6:30 PM
City of Urbana Council Chambers, 400 S. Vine Street, Urbana
- Tuesday, February 18, 2014, 6:30 PM
Hamilton on the Park, 1201 N. Brookstone, Urbana
- Tuesday, March 4, 2014, 6:30 PM
Prairie School Library, 2102 E. Washington Street, Urbana

PUBLIC HEARINGS FOR NON-PROFIT AGENCIES AND ORGANIZATIONS

- Thursday, January 9, 2014, 10:00 AM
City of Urbana Council Chambers, 400 S. Vine Street, Urbana

The Draft Annual Action Plan (AAP) for FY 2014-2015 includes the proposed budget for utilizing the Urbana CDBG entitlement funds. The Draft AAP also includes amounts budgeted for the HOME Program with regard to Community Development Housing Organization (CHDO) Operating and CHDO Reserve and Program Administration.

The HOME Consortium Technical Committee will provide a final recommendation for funding the CHDOs prior to the submission of the final AAP to HUD. The draft budgets for HOME Program funding for the City of Champaign, Champaign County and City of Urbana are included in the attached draft. 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 2014-2015 AAP that will be presented to the CDC at its March 25, 2014 regular meeting for a recommendation to the Urbana City Council.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

For FY 2014-2015, the City of Urbana's CDBG allocation from HUD is projected to be **\$373,708**, the same as last year's allocation. Following is a summary of staff recommendations regarding the utilization of the Community Development Block Grant funds:

City of Urbana CDBG

Administration (FY 14-15)

\$74,740

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 \$74,740.

Program Delivery (FY 14-15)

\$112,000

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 the same level of funding for the previous fiscal year, which was \$112,000.

Emergency Grant/Access Grant (FY 14-15)

\$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 14-15)

\$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 Facilities and Improvements (FY 14-15)

Due to uncertainties about the grant allocation and possible cuts in the CDBG program, CDBG Public Facilities applications were not made available this year.

Public Service Funding Programs (FY 14-15)

\$56,036 (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 \$56,036. Programs to be funded from the Public Service Fund include the following:

Transitional Housing Program (FY 14-15)

Personnel \$23,954

Programming \$19,082

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 for the previous fiscal year.

Consolidated Social Service Fund (FY 14-15)

\$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, which was \$5,000.

Neighborhood Cleanup (FY 14-15)

\$8,000 (\$10,000 total proposed, includes \$2,000 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 considering hosting only one cleanup this year instead of two. The level of funding is at the same level of funding as the previous fiscal year, which was \$10,000 total (\$8,000 CDBG, \$2,000 other City funding).

HOME INVESTMENT PARTNERSHIPS ACT (HOME) PROGRAM

The Urbana HOME Consortium allocation from HUD is anticipated to be **\$693,396** for FY 2014-2015. The Consortium must also contribute 25% in local MATCH, totaling **\$121,345**. The following is summary of staff recommendations regarding the utilization of the Home Investment Partnership Act (HOME) funds:

Administration (FY 14-15)

The FY 2014-2015 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 \$69,339.

CHDO Project (FY 14-15)

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

\$104,009 HOME (\$26,002 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 \$104,009.

CHDO Operating (FY 13-14)

The Urbana HOME Consortium recognizes the Homestead Corporation, Ecological Construction Laboratory, and Habitat for Humanity as CHDOs. Certified CHDOs are eligible for a portion of the 5% of the HOME funds set aside for CHDO operating funds, provided they continue to work on HOME funded projects and maintain the eligibility requirements of the HOME Program. Funding for CHDO operating funds is at the same level of funding from the previous fiscal year, which was \$38,454.

Consortium Member Projects (FY 14-15)

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

City of Urbana (FY 14-15)

FY 14-15 HOME allocation: \$149,981

Match Required: \$37,495

Owner-Occupied Housing Rehabilitation

Funds will be allocated for the rehabilitation of four to seven (4-7) units, including grants and 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, Kerr Avenue Sustainable Development, 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 14-15)

FY 13-14 HOME allocation: \$246,086

Match Required: \$61,522

Tenant Based Rental Assistance Program.

Funds may be used to provide affordable housing assistance to low-income residents of the City of Champaign. At least 90% of the 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.

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 14-15)

FY 13-14 HOME allocation: \$89,309

Match Required: \$ 22,327

Housing Rehabilitation

Funds may be allocated to provide rehabilitation assistance to both investor-owned properties, as well as single-family owner-occupied projects. It is anticipated the primary program focus will be on single-family owner-occupied rehabilitation.

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 in the DRAFT FY 2014-2015 Annual Action Plan to reflect the fiscal analysis associated with programs and projects that staff has recommended. Note that the HOME funds do require a 25% match of **\$37,495** for Urbana’s HOME Allocation of **\$149,981**. Local Match may be provided from the City’s Capital Improvement Fund or may come from the Match accrued through previous Urbana projects.

Recommendation

Staff recommends that the CDC review and provide comments on the Draft FY 2014-2015 Annual Action Plan that will aid staff with preparing the final FY 2014-2015 AAP.

Prepared By:

**Kelly H. Mierkowski, Manager
Grants Management Division**

Attachment:

1. DRAFT City of Urbana and Urbana HOME Consortium Annual Action Plan for FY 2014-2015