

CITY OF LAKEWOOD
Policy Report No. 2005- 3

TO: MAYOR AND CITY COUNCIL

THRU: Rebecca P. Clark, Director of Community Planning and Development
Tami Fischer, Director of Housing and Family Services

FROM: Linda Reynolds, CDBG Program Manager
Kim Buehler, Program Development and Senior Services Manager

DATE: November 28, 2005
City Council Study Session: December 5, 2005

SUBJECT: 2006 Community Development Block Grant (CDBG)
2006 HOME Investment Partnership Grant (HOME)

RECOMMENDATION

Staff recommends that City Council:

- A. Endorse the 2006 One Year Action Plan for the Community Development Block Grant (CDBG).
- B. Endorse the 2006 One Year Action Plan for the Home Investment Partnership (HOME) grant.
- C. Direct staff to prepare a resolution to be brought forward at City Council's regular meeting on December 12, 2005, supporting the recommended projects and funding levels in the 2006 One Year Action Plan.

BACKGROUND

The U. S. Department of Housing and Urban Development (HUD) will grant funds to the City of Lakewood for housing and community development activities once the City's 2006 One Year Action Plan is reviewed and approved. The 2006 budget proposed is based on the following estimated revenues: Community Development Block Grant (CDBG) \$1,045,280, program income from Single Family Housing Rehabilitation loans \$75,000, and \$639,000 in Home Investment Partnership (HOME) funds.

In addition to the new grant allocations and program income, the City of Lakewood will reallocate carryover funds from 2005 in the amount of \$471,582. This amount is based on estimates of recaptured (unspent) funds from a variety of projects and the reprogrammed 2005 Section 108 Loan payment.

Community Development Block Grant (CDBG): The purpose of the CDBG program is to enable communities to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. Communities with a population greater than 50,000 are considered entitlement communities and automatically receive Block Grant funds based on population size and number of low- to moderate-income residents. Lakewood has been an entitlement community for CDBG since 1974.

The national goal of the CDBG program is to develop viable communities. It is important that there is a strong relationship between all funded programs and the national goal. All activities undertaken with CDBG funds **must address** one of the following **national objectives**:

1. Benefit low- and moderate-income persons.
2. Aid in the prevention or elimination of slum and blight (as defined by the community).
3. Address other community development needs that present a serious and immediate threat to the health or welfare of the community.

CDBG activities must also address a local objective identified in the community's Five Year Housing and Community Development Plan (HCDP). The City's current HCDP covers the years 2003-2007. In addition, funded programs must meet eligibility requirements and the "caps" set by HUD, which limit spending to 15% for public service programs and 20% for program administration.

Home Investment Partnership (HOME) Grant: HUD distributes HOME funds to cities and states according to entitlement formulas similar to CDBG. Lakewood began receiving HOME funds in 1994. HOME funds are used to expand the supply of affordable rental housing units available to low-income households and to assist with developing single-family homes affordable to low-income homebuyers.

As with CDBG, HOME activities must also meet requirements set by HUD and address an objective in the Five Year Housing and Community Development Plan. Federal regulations require that 15% of the HOME grant be set aside for Community Housing Development Organizations (CHDOs). Another 10% of this grant is reserved for program administration.

THE ONE YEAR ACTION PLAN

The One Year Action Plan lists and describes the projects that the City proposes to fund during a specific year. The Plan also serves as Lakewood's annual funding application for the CDBG and HOME programs. The 2006 program year begins on January 1, 2006 and ends on December 31, 2006.

Estimated 2006 Funding Allocation Summary

RESOURCES AVAILABLE	AMOUNT
HOME Investment Partnership (HOME) Grant	\$639,000
Community Development Block Grant (CDBG)	\$1,045,280
2005 CDBG Program Income	\$75,000
2005 Reprogrammed CDBG Funds	\$471,582
<i>Subtotal CDBG</i>	\$1,591,862
Total 2006 CDBG/HOME Resources	\$2,230,862

Project Selection Process: A review committee consisting of City staff from various affected departments met to review the federal and local goals and recommended projects. Keeping in mind the commitment to ongoing projects, the committee reviewed the proposed annual allocation of funds and selected the recommended projects included in the 2006 One Year Action Plan. The following criteria was used to evaluate and select individual projects and develop the overall recommendations submitted to Council:

1. *The project addresses an identified need in the 2003-2007 Housing and Community Development Plan.*
2. *The project provides a benefit to low- and moderate-income residents of Lakewood.*
3. *The project benefits Target Area neighborhoods that are in need of revitalization. (See Target Area Map attached.)*
4. *The project corrects a condition of documented property or infrastructure deterioration.*
5. *The project conforms to HUD limitations on administration and public services costs.*
6. *The project outcomes can be measured for aggregation nationally as HUD to reports to Congress on program efficiencies. Outcomes are: a) provides a suitable living environment; b) provides an opportunity for decent housing, and/or c) provides an economic opportunity.*

Projects may contain many specific activities designed to carry out a program objective. Projects provide a framework that allows flexibility in designing activities within the broader category to best meet community needs and allows the City to take advantage of new opportunities as they arise.

2006 PROJECTS RECOMMENDED FOR FUNDING

Home Investment Partnership (HOME)

Rental Housing Development	\$477,750
Community Housing Development Organizations (CHDOs) Set Aside	\$97,550
HOME Program Administration	\$63,700
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Total HOME Funds	\$639,000

Community Development Block Grant (CDBG)

HOUSING PROJECTS

Single Family Housing Rehabilitation Loan Program (Contract with Jefferson County Housing Authority)	\$130,000
Housing Administration and Development	\$115,000

NEIGHBORHOOD PROJECTS

Neighborhood Cleanup/Code Enforcement	\$110,000
Public Facilities	\$440,472
Neighborhood Plan Implementation	\$210,000

SUPPORTIVE SERVICES

Child Care Scholarships	\$52,500
Lakewood Self-Sufficiency Program	\$105,140

OTHER

CDBG Administration/Planning/Technical Assistance	\$95,000
Section 108 Repayment	\$333,750
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Total CDBG Funds \$1,691,862

TOTAL CDBG/HOME GRANT FUNDS \$2,230,862

SUMMARY

It is requested that City Council direct staff to prepare a resolution to be brought forward at the City Council's regular meeting on December 12, 2005, supporting the projects and recommended funding levels in the 2006 One Year Action Plan for the Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) programs.

Submitted by:

Reviewed by:

Linda Reynolds
CDBG Program Manager

Joni Inman, Director
City Manager's Office

Kim Buehler
HOME Administrator

Michael J. Rock
City Manager

Roger Wadnal, Manager
Comprehensive Planning and Research Division

Rebecca P. Clark, Director
Department of Community Planning and Development

Tami Fischer, Director
Department of Housing and Family Services