

MEMORANDUM

TO: MAYOR AND CITY COUNCIL

THRU: Rebecca P. Clark, Director of Community Planning and Development
Tami Fischer, Director of Housing and Family Services
Roger Wadnal, Manager, Comprehensive Planning & Research Division

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

DATE: September 25, 2006
City Council Study Session: October 2, 2006

SUBJECT: 2007 Community Development Block Grant (CDBG)
2007 HOME Investment Partnership Grant (HOME)

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 2007 One Year Action Plan is reviewed and approved. The 2007 budget proposed is based on the following estimated revenues: Community Development Block Grant (CDBG) \$946,390, program income from Single Family Housing Rehabilitation loans \$100,000, and \$603,000 in Home Investment Partnership (HOME) funds.

In addition to the new grant allocations and program income, the City of Lakewood will reallocate 2006 funds in the amount of \$598,000. This amount is based on estimates of recaptured (unspent) funds from a variety of projects and the reprogrammed 2006 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 are eligible for CDBG funding based on a statutory formula that includes the extent of poverty, population, housing overcrowding, and age of housing. 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 2007 program year begins on January 1, 2007 and ends on December 31, 2007.

Estimated 2007 Funding Allocation Summary

RESOURCES AVAILABLE	AMOUNT
HOME Investment Partnership (HOME) Grant	\$603,000
Community Development Block Grant (CDBG)	\$946,390
2006 CDBG Program Income	\$100,000
2006 Reprogrammed CDBG Funds	\$588,000
<i>Subtotal CDBG</i>	\$1,634,390
Total 2007 CDBG/HOME Resources	\$2,237,390

Project Selection Process: A review committee consisting of City staff from various affected departments met to review the federal and local goals and proposed projects. Keeping in mind ongoing commitments, the committee reviewed the estimated annual allocation of funds and selected the recommended projects included in the 2007 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 a local priority need identified 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 objectives and outcomes can be measured for aggregation nationally as HUD reports to Congress on program efficiencies. HUD program objectives are: a) provides a suitable living environment; b) provides an opportunity for decent housing, or c) provides an economic opportunity. HUD program outcomes are: 1) Availability/Accessibility; 2) Affordability; and 3) Sustainability.*

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

2007 PROJECTS RECOMMENDED FOR FUNDING

Home Investment Partnership (HOME)

Rental Housing Development	\$402,250
Community Housing Development Organizations (CHDOs) Set Aside	\$90,450
Homeownership Assistance	\$50,000
HOME Program Administration	\$60,300
Total HOME Funds	\$603,000

Community Development Block Grant (CDBG)

HOUSING PROJECTS

Single Family Housing Rehabilitation Loan Program (Contract with Jefferson County Housing Authority)	\$110,000
Housing Administration and Development	\$103,195

NEIGHBORHOOD PROJECTS

Neighborhood Cleanup/Code Enforcement	\$110,000
Public Facilities	\$668,195
Neighborhood Plan Implementation	\$83,000

SUPPORTIVE SERVICES

Child Care Scholarships	\$48,000
Lakewood Self-Sufficiency Program	\$92,000

OTHER

CDBG Administration/Planning/Technical Assistance	\$100,000
Section 108 Repayment	\$320,000

Total CDBG Funds \$1,634,390

TOTAL CDBG/HOME GRANT FUNDS \$2,237,390

ACTION REQUESTED

It is requested that City Council direct staff to prepare a resolution to be brought forward at the City Council's regular meeting on October 23, 2006, endorsing the recommended projects and funding levels in the 2007 One Year Action Plan for the Community Development Block Grant (CDBG) and Home Investment Partnership (HOME) grant programs.