



## Legislation Details (With Text)

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**Title:** Approval of Reprogramming Community Development Block Grant Funds (B)

This item requests for the City Commission to approve the reprogramming of Community Development Block Grant (CDBG) funds from the GRACE One Stop Homeless Assistance Center to the City's Homeowner Rehabilitation Program to enable timely use of the CDBG funds.

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**Attachments:** 1. 120803A\_CDBG Homeless Initiative Program Budget\_20130221.pdf, 2. 120803B\_Expenditure Plan\_20130221.pdf

Date	Ver.	Action By	Action	Result
2/21/2013	1	City Commission	Approved as Recommended	Pass

### Approval of Reprogramming Community Development Block Grant Funds (B)

**This item requests for the City Commission to approve the reprogramming of Community Development Block Grant (CDBG) funds from the GRACE One Stop Homeless Assistance Center to the City's Homeowner Rehabilitation Program to enable timely use of the CDBG funds.**

This item supports City Commission Strategic Initiative 6.2: Ensure the quality and broad distribution of affordable housing throughout the City.

Over the past several years, the City Commission has approved CDBG funding in the amount of \$660,308 for the GRACE One Stop Homeless Assistance Center (GRACE). Attached for reference is a report outlining the CDBG funding currently approved for the GRACE project (Attachment A). Due to ongoing obstacles such as pending lawsuits, possible relocation of the project to the proposed GCI site and other unforeseen circumstances, the GRACE project has experienced extended delays resulting in the CDBG funding allocated not being expended in a timely manner.

Each year the City Commission approves an allocation of federal funds from the U.S. Department of Housing and Urban Development (HUD) through a One Year Action plan. HUD requires for the City to expend a specified amount of CDBG funds each program year. As such, on an annual basis HUD conducts a timeliness test to confirm that the City is expending CDBG funds in accordance with federal regulations. The City is considered to be timely, if 60 days prior to the end of its fiscal year (July 31), the balance of the CDBG funds does not exceed 1.5 times the annual CDBG grant. Over the past years, the City has generally met the required expenditure threshold. However, in FY12, the City's ratio exceeded the 1.5 expenditure standard due to the large amount of CDBG funds being held for the GRACE project.

As a result, staff is currently working on a plan with HUD to ensure that the City's CDBG expenditure

threshold is met for FY13. The work out plan with HUD includes addressing how the City will ensure that projects and activities will result in timely expenditure of CDBG funds such as reprogramming funds, projecting activity timelines and submitting quarterly projection for disbursements. If the City does not meet CDBG expenditure threshold this fiscal year, HUD will reduce the City's FY14 CDBG grant equal to the amount of unspent CDBG funds that exceed the timeliness ratio of the City's FY13 CDBG grant. Therefore, reprogramming funds for short-term projects is needed to ensure timely expenditure of the City's FY13 CDBG funding as required by HUD.

Staff recommends reprogramming the reserved \$660,308 CDBG funds from the GRACE project to the City's Homeowner Rehabilitation Program budget to continue addressing the repair of roof systems, and/or serious health and safety violations on housing units in efforts to preserve the City's housing stock and revitalize neighborhoods. The City currently has over 50 low-income homeowners on the Homeowner Rehabilitation Program waiting list requesting to receive assistance with home repairs. In an effort to reduce the waiting list, staff is proposing a plan to provide approximately 21 homeowners with repair assistance through the Homeowner Rehabilitation Program to expend the \$660,308 CDBG funds by the July 31, 2013 expenditure deadline as required by HUD. Typically, homeowner rehabilitation projects do not require laborious federal regulations and can be completed within a short-term timeframe. The HCD Division has the staffing capability and program mechanisms in place to manage the workload required to complete this project plan by the July 31, 2013 expenditure deadline. The expenditure plan and map showing the project locations are attached for reference (Attachment B).

The recommended proposal also supports the City's affordable housing and neighborhood goals established in the 2008-2013 City's CDBG/HOME Consolidated Plan. In order to allocate funds to specific programs or projects HUD regulations require citizen participation process including advertising and conduction a public hearing followed by City Commission approval. The Homeowner Rehabilitation Program is a program approved as part of the City's 2012-2013 One Year Action Plan. Given the timeframe, the recommended proposal is the most feasible alternative to expend these CDBG funds by the stated deadline.

As it relates to the funding for the GRACE Project, as noted above the potential change in sites to the GCI site may have a positive impact on the estimated cost of the project. At this point that is yet to be determined, and the ability to avoid a reduction in the annual CDBG allocation is a known quantity. If indeed it transpires that the \$660,308 is ultimately needed for the GRACE Project, options such as the use of fund balance, unallocated capital improvement monies, or debt can be explored.

The reprogramming of the \$660,308 CDBG funds from the GRACE Project to the City's Homeowner Rehabilitation Program will facilitate the City's ability to meet the required expenditure threshold by July 31, 2013 as required by HUD.

The City Commission approve the reprogramming of the \$660,308 CDBG funds from the GRACE Project to the City's Homeowner Rehabilitation Program.