



Legislation Text

File #: ID#23-325, **Version:** 1

AGENDA CAPTION:

Receive a Staff presentation and hold a Public Hearing to receive comments for or against Substantial Amendments to the Community Development Block Grant-Entitlement (CDBG) Action Plans for Program Years 2019, 2020, 2021, 2022 to reallocate funding from the "Southside Community Center Housing Rehabilitation", "Emergency Repair", and "Priority Repair" programs to the CDBG Owner Occupied Housing Rehabilitation Program administered by the City.

Meeting date: May 16, 2023

Department: Planning and Development Services

Amount & Source of Funding

Funds Required: [Click or tap here to enter text.](#)

Account Number: [Click or tap here to enter text.](#)

Funds Available: [Click or tap here to enter text.](#)

Account Name: [Click or tap here to enter text.](#)

Fiscal Note:

Prior Council Action: Resolutions: 2019 Action Plan Amendment 6 **2023-32R**; 2020 Action Plan **2020-261R** ; 2021 Action Plan **2021-144R**; 2022 Action Plan **2022-168R**

City Council Strategic Initiative: [Please select from the dropdown menu below]

Quality of Life & Sense of Place

[Choose an item.](#)

[Choose an item.](#)

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

☐ Economic Development - [Choose an item.](#)

☐ Environment & Resource Protection - [Choose an item.](#)

☐ Land Use - [Choose an item.](#)

☒ Neighborhoods & Housing - Well maintained, stable neighborhoods protected from encroachment of incompatible land uses

☐ Parks, Public Spaces & Facilities - [Choose an item.](#)

- ☐ Transportation - Choose an item.
- ☐ Core Services
- ☐ Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

Background Information:

Staff is requesting Council's direction on combining several CDBG housing rehabilitation funding allocations into one City-administered program for each funding year.

Southside Community Center ("Southside") administered a housing rehabilitation program using CDBG Entitlement funds from the City for many years. Southside has been allocated CDBG funding for housing rehabilitation each year over the past four years (Program Years 2019-20, 2020-21, 2021-22, 2022-23. Now that their Executive Director retired last year, Southside no longer has the in-house expertise to run a housing rehabilitation program, and the Southside Board has decided to focus on other services to the community instead.

In addition to allocating funding to Southside, the City allocated funding to "Emergency Repair" and "Priority Repair" programs in Program Years 2019-20, 2020-21, and 2021-22. This funding was for smaller, urgent housing repairs such as leaking plumbing.

All housing rehabilitation programs were placed on hold by the City at HUD's request in 2020 for a complete revision. The programs are almost ready to move forward, since staff has revised the policies and procedures and procured contractors to do the work. The one remaining piece is procurement of an independent estimator who will create scopes of work and cost estimates; this procurement will be complete in 2023.

Because Southside will no longer be rehabilitating houses, staff is proposing amending the CDBG Action Plans for all four years to move the funding allocated to Southside to be administered by the City instead.

In addition, since the Southside amendments are necessary, staff is also proposing combining the "Emergency Repair" and "Priority Repair" funding into a single City administered Housing Rehabilitation Program each year that can provide both substantial rehabilitations and emergency repairs.

Note About the Number of Houses and Total Funding Available

The rehabilitations completed by Southside were generally \$15,000-20,000 per house, repairing the worst elements of each house. HUD now emphasizes bringing each house into a wholistic standard living condition, by rehabilitating more aspects of each home. In addition, costs have risen in housing construction materials. It is expected that the program will now spend \$35,000-50,000 per house. Emergency repairs that would have cost an average of \$5,000 per house are now expected to be closer to \$10,000. The City has \$860,283 available in CDBG funding for Owner Occupied Housing Rehabilitation total for the four program years. This provides for approximately 24 houses.

The City also has \$867,000 available in American Rescue Plan Act funding for Owner Occupied Housing Rehabilitation, which will accommodate another 24 houses. CDBG Single Family Rental Rehabilitation funding of \$271,000 completes the total available for housing rehabilitation at this time, all of which will be enacted through the City-administered program.

Staff is requesting Council's direction on setting a Five Year lien term for housing rehabilitations that exceed \$25,000.

Typically CDBG programs stop being grants and start being deferred forgivable loans at \$25,000. This is not a direct CDBG requirement but is considered a best practice to protect the real property investment in affordable housing over time. Staff recommends setting a five year lien term, reduced monthly by a percentage of the loan amount. The proposed five year term is the same as City Council approved for homes constructed on the owner's lot with CDBG-Disaster Recovery funding. Because this would be a deferred payment, forgivable loan, the homeowner would not have to pay the cost of rehabilitation back unless the home is sold, at which time the remaining balance on the loan would be paid to the City. Staff is requesting direction on the number of years for the lien term.

Next Steps

The proposed amendments to the four annual action plans require a public hearing May 16, then a 30 day public comment period May 17-June 17, and finally City Council consideration for approval July 3.

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

No action is necessary at this time.