

Staff Summary Report



Council Meeting Date: 4/23/09

Agenda Item Number: _____

SUBJECT: This is the **second** public hearing to obtain citizen comments on the proposed 2009-2010 Action Plan for the Community Development Block Grant (CDBG) and Home Programs.

DOCUMENT NAME: 20090423cdlc01 **COMMUNITY DEVELOPMENT BLOCK GRANT (0207-31)**

SUPPORTING DOCS: No

COMMENTS: N/A

PREPARED BY: Liz Chavez, Housing Services Administrator (480/350-8958)

REVIEWED BY: Chris Salomone, Community Development Manager (480/350-8294)

LEGAL REVIEW BY: Teresa Voss, Assistant City Attorney (480/350-8814)

FISCAL NOTE: Federal funding for program year 2009-2010 CDBG and HOME programs.

RECOMMENDATION: No action is required by the City Council at this public hearing.

ADDITIONAL INFO: The purpose of the second public hearing is to gain further comment prior to the adoption of the 2009-2010 Community Development Block Grant (CDBG) and HOME Programs Action Plan on May 1, 2009. The first public hearing was held on February 19, 2009. Legal notice of a 30-day comment period commenced on April 1, 2009.

Through this hearing process, staff will prepare various funding alternatives for City Council review. The preliminary selection of these activities has taken place at the City Council Issue Review Session on April 9, 2009.

Once the final Action Plan is adopted on May 7, 2009, staff will submit the plan to the U.S. Department of Housing and Urban Development (HUD) for approval of the 2009-2010 funding.

Proposed CDBG Program Activities for Funding Year 2009-2010

AMOUNT OF CDBG FUNDS ANTICIPATED TO BE RECEIVED: \$ 1,592,703

Staff recommends the following program eligible activities:

1. **Program Administration** (20% of CDBG entitlement) \$ 318,541
Maximum allowed under HUD Regulations.
2. **Public Service Activities** (15% of the CDBG entitlement) \$ 238,905
Maximum allowed under HUD Regulations. Funding has been reserved for Tempe Community Council on recommendations to public services grants.
3. **Affordable Housing; Site Acquisition** \$ 200,000
Funding will be used for the acquisition and rehabilitation, or the new construction of affordable homes. This may include direct subsidy to the homebuyer.
4. **Affordable Housing; Downpayment Assistance** \$ 25,000
Funds will be used for the Section 8 and Community Assistance Mortgage Programs (CAMP). This is a continuation of the City's first-time Homebuyer program which provides direct subsidy to the homebuyer for downpayment assistance.
5. **Affordable Housing; Homebuyer Education** \$ 10,000
Funds will be used to encourage CAMP participants to attend homebuyer counseling classes.
6. **Acquisition; Redevelopment** \$ 100,000
These funds will be used for the acquisition of land for redevelopment activities and properties in slum and blighted conditions.
7. **Rehabilitation; Citywide** \$ 525,000
Funds will be used to rehabilitate emergency and handicapped accessibility items in homes for the City's Housing Improvement program.
8. **Lead-Based Paint** \$ 100,000
Funds will be used to remediate homes with lead-based paint abatement concerns.
9. **Historic Preservation** \$ 50,000
These funds will be used to rehabilitate homes that have been designated as historic in Tempe's historic neighborhoods.
10. **Contingency** \$ 25,257
Reserved for activities requiring additional funding for the Program year.

Proposed HOME Program Activities for Funding Year 2009-2010

AMOUNT OF HOME FUNDS TO BE ALLOCATED TO TEMPE: **\$ 471,526**

The City receives HOME funds from Maricopa County through participation in the Maricopa County Consortium (Consortium members: Maricopa County, Avondale, Chandler, Gilbert, Glendale, Peoria, Scottsdale, Surprise and Tempe). For FY2009-2010, there is an estimated \$471,526 in HOME funds reserved for Tempe.

The HOME program, unlike the CDBG program, requires a 25% non-federal match for the City to receive these funds. For FY2009-2010 the city's match requirement will be \$104,264.

Staff recommends the following program eligible activities:

1. **Program Administration** (10% of HOME entitlement) \$ 29,470
Maximum allowed under Consortium Agreement.

2. **Housing Improvement and Rental Reinvestment Programs** \$ 208,528
Funding is estimated to fully rehabilitate 5-10 dwellings for low/moderate income families in Tempe. This is a continuation of the City's on-going programs to fully rehabilitate substandard owner-occupied homes and rental units.

3. **Downpayment Assistance** \$ 208,528
Funds will be used for the Section 8 and Community Assistance Mortgage Programs (CAMP). This is a continuation of the City's first-time Homebuyer program which provides direct subsidy to the homebuyer for downpayment assistance.

4. **NewTowN CHDO Program Administration** \$ 25,000
Funds will be used to assist NewTowN CHDO in the administration of its affordable housing programs.

Recommended Program Income Activities

In FY 2009-2010, it is anticipated that approximately \$50,000 will be received in program income. This amount represents rehabilitation loan pay-offs and/or on-going repayments under the amortized loan program. This program income will be used to augment the HOME Housing Improvement and Rental Reinvestment and Downpayment Assistance programs.