

AGENDA ITEM # III-A.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM SUMMARY

Community Development Block Grant Funds are distributed by the U.S. Department of Housing and Urban Development to states for allocation. In Utah, involvement from local elected officials is utilized through each of the Associations of Government. The Utah Small Cities staff in the Department of Community and Culture, Division of Housing and Community Development, allocates funds to each of the AOG's based on a formula containing a base amount and then utilizing population data. Base funding in the amount of \$300,000 to each region and the remainder based on population utilizing state formula approved by the CDBG Policy Committee.

Under HUD standards projects have to meet one of the three National Objectives that Congress has determined to be the purpose of this program: **1) Low to Moderate Income Benefit; 2) Aiding in the Prevention of Elimination of Slums or Blight; or 3) Urgent Health and Welfare Compliance.**

The CDBG program provides grants to **cities and towns less than 50,000** in population and **counties of less than 200,000** in population. Only local jurisdictions, i.e., counties, incorporated cities/towns, tribes, or other HUD recognized units of government (AOGs) are considered eligible applicants. Other applicants must apply through their local jurisdiction, the legal applicant, and enter into an inter-local cooperative agreement to receive CDBG funding.

Benefit to at least 51% LMI direct beneficiaries of the proposed project must consist of families whose total family income does not exceed 80% of the county median income for the current program year or at least 51% of the beneficiaries of the project consist of families whose total family income does not exceed 80% of the median income for the entire non-metropolitan area of the state of Utah.

Presumed Low-moderate income (LMI) groups include: 1) Abused Children; 2) Battered Spouses; 3) Elderly Persons; 4) Illiterate Adults; 5) Homeless Persons; 6) Persons living with AIDS; 5) Severely Disabled Adults meeting the Bureau of Census definition; and 7) Migrant Farm Workers.

An example of a typical annual schedule developed by the State CDBG Policy Committee is shown below:

September - Application Workshops Held
December - Application Due Date
February - Project Rating and Ranking
March - Grant Award Notification
April - Grantee Workshops Held
May - Final Application Due Date

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A system has been developed for rating applications. The rating and ranking criteria are reviewed on an annual basis to determine if changes are necessary. These criteria are adopted by the Steering Committee in August each year. Mailers were provided to all jurisdictions in the region requesting review and input for the FY 2011 program year. Eight criteria are mandated by the State CDBG Policy Committee to be addressed in the Rating and Ranking process. These criteria include: **1) Capacity to Carry Out the Grant; 2) Job Creation; 3) Expansion and/or Improvement of Housing Stock; 4) Affordable Housing Plan; 5) Extent of Poverty; 6) Financial Commitment to Community Development–local match; 7) Project Maturity and 8) Proactive Planning in operation of city/county government.**

Examples of some eligible CDBG project activities are listed below. The majority of projects funded in the Five County region have historically been brick and mortar types of projects. Projects such as senior citizen centers, housing, improvements on ground to assist low/moderate income individuals have been undertaken.

Affordable Housing Projects:

- acquisition of property
- new construction
- rehabilitation
- relocation expenses
- demolition
- site improvements
- development hard costs
- limited first-time home buyers assistance
- multi-family, single family, transitional, special needs housing & homeless shelters

Community Development Projects:

- culinary water improvements
- waste water improvements
- natural gas line accessibility/expansions
- road, street & pedestrian walkways
- fire stations & emergency equipment
- ADA accessibility for public buildings
- flood control systems
- rehabilitation of slums & blighted areas
- historic preservation
- acquisition of property/land
- community & senior centers
- parks, recreation & beautification projects
- public services

Economic Development Projects:

- Revolving Loan Fund (RLF) Program
- Interim/Short term Financing Program
- industrial parks & commercial centers
- stimulate private investments

Planning & Technical Assistance

Note: All project activities must meet a National Objective.

AGENDA ITEM # III-C.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM PRE-APPROVED FUNDING

In each of the past several years \$150,000 has been pre-approved by the Steering Committee of the Five County Association of Governments for Planning, Administration, Economic Development and Planning Technical Assistance and Program Delivery. This funding enables the Community and Economic Development Program staff to provide planning and technical assistance to income eligible communities throughout the Five County Region. Work program elements include updating the region's Consolidated Plan, community development planning assistance, administration of the CDBG program, Workforce Housing Assistance, and program delivery for the Revolving Loan Fund, Down Payment/Closing Cost, HOME and Emergency Home Repair programs.

CED staff routinely provides assistance to communities in areas such as land use, transportation, environment, public services, historic preservation and economics. Staff support has been provided in capital improvement planning, affordable housing strategy development and support, and geographic information systems (GIS) work. Examples of several products which may be produced as a result of the assistance made possible through this grant include: 1) General Plans, 2) Land Use Ordinances; 3) Growth Management Plans; 4) Capital Improvements Plans; 5) Annexation Assistance; 6) Development Project Reviews and Assessments; 7) Affordable Housing Plans; and 8) Active coordination with state and federal agencies on matters which have real of potential impact on the area.

Funding is also utilized to update the Region's Consolidated Plan. The consolidated planning process requires public input at the local levels for citizens, local governments, and other key agencies. Staff provides assistance, direction and help to facilitate a collaborative effort to accomplish this requirement. AOG staff is also involved with efforts to encourage affordable housing strategies and development.

Staff is actively involved in program delivery to clients meeting income eligibility to provide intake for the Revolving Loan Fund, HOME, Emergency Home Repair and Down Payment/Closing Cost assistance. Examples of some of the services provided throughout the region include: 1) Property/land acquisition; 2) Rehabilitation; 3) Site improvement; 4) New construction; 5) Roof and bathroom repairs; 6) Septic system repairs; 7) Replacement of inoperable heating and cooling systems and water heaters; 8) Down Payment/Closing Cost Assistance to clients providing up to \$2,000; 9) Low to Moderate Income Job Creation; and 10) Loan servicing to provide gap financing to qualified business expansions, start-ups, and/or relocations.

Approval of pre-approved funding would enable staff to continue providing on-going assistance throughout the region.

AGENDA ITEM # III-C. (Continued)

**COMMUNITY DEVELOPMENT BLOCK GRANT
SET-ASIDE FUNDING PROPOSAL**

Five County Association of Governments Community and Economic Development staff have met with the Beaver City and Cedar City Housing Authorities, the Iron County Care & Share and Color Country Community Housing, Inc. to evaluate housing projects, and potential projects which focus on development of affordable housing. In order for these jurisdictions to apply for FY 2011 funding, each applicant must have spent down 50% or more of their current project funding (adopted by the State CDBG Policy Committee). The Five County Association of Governments has set a deadline of January 31, 2011 for spend down in accordance with the region's adopted Rating and Ranking policies.

Because there are several multi-year projects which the Board has committed funding in FY 2011, the AOG staff is proposing to set aside the balance of funding for housing projects. Over the history of the CDBG program, there has not been an occasion where so many affordable housing projects have been presented for consideration. It appears that many of the above mentioned organizations will be moving forward with their FY 2010 projects fairly quickly. Because of the current downturn in the economy, and the housing market in particular, the cost of land and/or available housing stock is much lower. Many of the above mentioned organizations have identified suitable land and/or housing complexes that could be acquired.

It is anticipated that there will be approximately \$250,000 to \$300,000 in FY 2011 available for allocation after the pre-approved and multi-year projects are funded. The Community and Economic Development staff believes that it does not make sense to have upwards of 14 jurisdictions competing for this limited amount of funding. In addition, if viable housing project applications are submitted they would rise to the top of the rating and ranking. It is expensive to advertise for public hearings and a considerable amount of time is expended compiling information to submit an application.

The Community and Economic Development staff is making the recommendation that the balance of funding for FY 2011 be set-aside for housing projects. A specific Rating and Ranking Criteria will be developed and mailed to all jurisdictions for review and comment providing that the Steering Committee determines that this option should be pursued. The Rating and Ranking Criteria will be presented on August 11, 2010 for formal approval.