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Attachments: 1. CDBG Fund Balance 29-Oct-2016

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DATE: October 13, 2016

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Community Development Block Grants (CDBG)

SUMMARY:

The Dakota County Community Development Agency (CDA) has released FY2016 CDBG dollars. Discussion regarding unspent CDBG funds from 2013 and 2014.

BACKGROUND:

The CDA released the 2016 CDBG funds last week. The HRA anticipated receiving \$69,487 in CDBG funds with \$25,000 applied to the Rental Rehab in Historic Downtown Project and \$44,487 applied to the North/South Oaks Acquisition Project. However, the final amount awarded to the HRA was \$73,729. The increased amount (\$4,242) was applied to the Rental Rehab Historic Downtown Project.

There remains \$16,361.03 from the 2013 CDBG budget year which is unspent and subject to recapture June 30, 2017. In addition, there is \$42,338 remaining in the 2014 budget which is subject to recapture June 30, 2018. The majority of this money was set aside for down payment assistance and residential rehabilitation.

The down-payment assistance program has been underutilized in the past 2-3 years. Staff has been meeting with lenders, realtors and others to determine the reasons why this program is not being utilized. Staff has learned that there are two primary reasons these funds have not been expended: (1) There are very few homes in Northfield that entry level home buyers can afford that do not need significant upgrade or repairs; and (2) Realtors must spend much more time working with these

clients for less compensation than higher priced market-rate housing. Due to these factors, it may be prudent to re-direct these funds to a new activity which would facilitate using the funds per the required timelines. The HRA could apply for 2017 funds using enhanced activity criteria for the down payment assistance program which may allow greater flexibility for new homeowners.

In addition, the residential rehabilitation or 'HOME' Program was very successful in the initial two phases. The loss of matching grant dollars and limits on program income has severely impacted the program viability in the 3rd phase and it may be prudent to redirect these funds to a new activity which would facilitate using the funds per the required timelines.

RECOMMENDATION:

Staff is working with other agencies to determine possibilities for use of unspent 2013 & 2014 unspent CDBG funds. Staff does not have any recommendations at this time.