



Legislation Details (With Text)

File #: 17-1088 **Version:** 1 **Name:**

Type: Information/Discussion Item **Status:** Agenda Ready

File created: 11/3/2017 **In control:** Housing & Redevelopment Authority

On agenda: 11/9/2017 **Final action:**

Title: Community Development Block Grants (CDBG) 2018 Allocation

Sponsors:

Indexes:

Code sections:

Attachments: 1. CDBG Fund Balance 9-30-2017, 2. CDBG Proposal, 3. Koester Court Staff Report

Date	Ver.	Action By	Action	Result
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DATE: November 9, 2017

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Community Development Block Grants (CDBG) 2018 Allocation

SUMMARY AND ACTION REQUESTED:
Review allocation of program year 2018 CDBG funds.

BACKGROUND:
Each year the Housing & Redevelopment Authority (HRA) receives approximately \$61,000 in CDBG funds through the Dakota County Community Action Agency (CDA). The HRA must make application for the funds in early January. The application must outline how the funds are to be used.

Current Northfield CDBG programs are:

- Down Payment Assistance
- Residential Rehabilitation
- Rental Rehabilitation (downtown)
- Greenvale Sidewalk

Considerations for CDBG Projects

The HRA has received request for funds from the Northfield Union of Youth (NUY) for their Youth Homelessness Program and Common Bond Communities for the acquisition and rehabilitation of Koester Court.

When considering where to place allocated CDBG funds the HRA should note:

In recent years HUD has mandated that any CDBG funds will be recaptured if not used within 4 years of the

allocation date. Staff recently learned from the CDA that unused funds will be subject to redistribution in January of the 3rd program year.

CDA will review all unused funds approximately one year before they are subject of recapture. Each grantee agency will be required to have funds committed to specific projects or funds will be re-distributed to other Dakota County grantee agencies for use.

HUD strongly urges grantee agencies to use all allocated CDBG funds within the first two years of allocation.

The HRA has received request for funds from the Northfield Union of Youth (NUY) for their Youth Homelessness Program and Common Bond Communities for the acquisition and rehabilitation of Koester Court.

ANALYSIS:

2018 Program Year CDBG Projects to be considered for CDBG funding:

- Koester Court Acquisition & Rehabilitation: May 11, 2017 HRA Meeting - Common Bond Communities has entered into a purchase agreement with CIC Partners and will be applying for Federal Housing Tax Credits and others for loans, to purchase, renovate and retain the Koester Court apartment buildings as affordable rental housing. In order to qualify for Low Income Housing Tax Credits (LIHTC) and Minnesota Housing Finance Agency financing, the project must show support from the local community in the form of financial participation.
- Youth Homelessness Program: Northfield Union of Youth has requested funding for their Host-Home Program (NUY Safe Homes) to serve and support youth experiencing or at-risk of experiencing homelessness in the Northfield area. NUY's 'core group' of youth includes about 100 of the most at-risk youth in Northfield. Public Service activity funding is limited to 15% of the overall CDBG funding received by the HRA.
- Manufacture Home Rehabilitation Program: The HRA may consider reintroducing a project for manufactured home repairs. However, between 2010 and 2015 there were only 4 applications to this program and three grants extended.
- Down Payment Assistance Program: The current fund balance is \$38,067. In addition, the HRA receives credit from the CDA for repaid DPA loans. The current balance is approximately \$17,725. The DPA loan program funds are sufficient at this time.
- Residential Rehabilitation Program: The current fund balance is 33,518.63. The program funds are sufficient at this time.
- Downtown Historic Rental Rehabilitation Program: The current balance is \$40,640.62. The program funds are sufficient at this time.

RECOMMENDATION:

Staff recommends the HRA Board Members review possible CDBG allocation opportunities and plan to make a

final decision at the December 14, 2017 HRA meeting.