



Legislation Details (With Text)

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DATE: August 11, 2016

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Community Development Block Grant Funds

SUMMARY:

The Northfield Housing & Redevelopment Authority (HRA) receives Community Development Block Grant (CDBG) Funds each year from the Dakota County Community Development Agency (CDA). Although the amount varies each year, it is usually just under \$70,000.

BACKGROUND:

The Department of Housing & Urban Development (HUD) and the CDA require all CDBG funds to be disbursed within 4 years of the grant. Any unspent funds are subject to recapture after the fourth year. In addition, HUD & CDA also require that sixty (60) days prior to the end of a grantee's program year, the amount of non-disbursed CDBG funds cannot be more than 1.5 times the entitlement grant for its current program year. The HRA is scheduled to receive approximately \$69,487 in 2016. Our current balance for CDBG funds is \$203,718.25.

Earlier this year the HRA requested that 2009 and 2012 CDBG funds, which were subject to recapture if not used by June 30 of this year, be reallocated to the North/South Oaks Project. The HRA also requested that some unspent funds from 2013, 2014 and 2015 be redirected to this activity. The CDA agreed to allow the reallocation even though the North/South Oaks project is not scheduled to be ready until July or August and would not meet the June 30 deadline.

The HRA currently has approximately \$14,398.50 of unspent CDBG funds from 2013 which will be subject to recapture on June 30, 2017. These funds are designated to Downpayment Assistance (\$3000) and Clearance & Demolition (\$11,698.52). There is an additional \$7,561.63 designated for the Phase II Washington Park rehab

program which is anticipated to be spent down within the next 2 - 3 months.

There are also \$42,338 in unspent funds granted in 2014 that will be subject to recapture on June 30, 2018. These funds are designated for Residential Rehab-Phase III Cherry Park (\$22,338) and Downpayment Assistance (\$20,000).

DownPayment Assistance Program

Despite extensive outreach efforts only 2 applications have been received in 2016. One applicant was over-income and did not qualify for the program, the other applicants decided against purchasing a home at this time due to possible relocation. There have been two additional inquiries regarding the program from prospective applicants. Additional applications are likely.

Residential Rehab Program

The Residential Rehab program consisted of a \$5000 grant from the HRA, a \$5000 grant from MHFA and \$5000 matching funds from the homeowner. Funds from the weatherization program could be used in lieu of the owner's contribution.

There are several factors affecting the HRA's ability to continue the residential rehab program.

- Additional grant funds from weatherization programs are no longer available after June, 2016.

- Additional grant funds from MHFA have been discontinued after June, 2016.

- Total amount of expenditure will decrease to \$10,000 per home.

- Qualifying home owners will have to put up \$5000 of their own money to attract the \$5000 grant from the HRA.

- No income qualified applications from the Cherry Park area have been received for the program.

ANALYSIS:

Although no action is required at this time, the HRA should explore and consider alternative uses of CDBG funds which are subject to recapture in 2017 and 2018. Any alternative use would have to fall within the CDBG rules and regulations. Approval to redirect any funds to a different activity would require CDA approval.

RECOMMENDATION:

No Recommendations at this time.