



## Legislation Details (With Text)

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**DATE:** November 27, 2018

**TO:** Members of the Housing & Redevelopment Authority

**FROM:** Janine Atchison, Housing Coordinator

Community Development Block Grant Allotment Fiscal Year 2019-2020

### SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment Authority (HRA) to consider allocation of 2019 Community Development Block Grant (CDBG) funding.

### 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)
- Northern Oaks Rehabilitation

### Considerations for CDBG Projects

Staff is currently working with Growing Up Healthy, Three Rivers Community Action and others to create a viable program to ensure decent, safe & healthy housing for the residents of Northfield's two manufactured home communities. The program is scheduled to be kicked off in late spring 2019. Some of the benefits of the program could include smoke & C/O detectors, inspections for energy efficiency, health & safety education. It may be advantageous for the HRA to allocate CDBG funding to provide opportunities for manufactured

homeowners to rehab existing homes, purchase replacement homes and/or remove and demolish existing substandard manufacture homes. In previous years, the HRA utilized CDBG funds for manufactured home rehabilitation, replacement, clearance and demolition programs.

Suggestions for 2019 CDBG Funds:

- Manufactured Home Rehabilitation Grant Program \$25,000
  - The HRA could provide a grant of up to \$5,000 to income qualified manufactured home owners for repairs and updates of their manufactured home.
- Manufactured Home Down Payment Assistance Grant Program \$16,000
  - The HRA could provide a grant of up to 5% (maximum \$4,000) of the purchase cost of a new or nearly new manufactured home.
- Manufactured Home Clearance & Demolition Program \$20,000
  - The HRA could purchase older manufactured homes, which are no longer viable for habitation at a set price of \$2,000. The homes purchased would then be removed and demolished utilizing CDBG funding.

**ANALYSIS:**

The HRA must vote to determine how they will allocate 2019 CDBG funds. When the allocation is decided, the HRA must adopt a resolution supporting the allocation at their next meeting. The deadline for CDBG application submittal is January 16, 2019.

If the HRA determines the allocation at the November meeting, the Resolution may be drafted and ready for adoption at the December HRA meeting. A decision after the November meeting will require a special meeting be scheduled in December or early January to adopt the required Resolution of support for the CDBG application.

**Suggested 2019 Allocation:**

Manufactured Home Rehabilitation Grant Program \$25,000

The purpose of the Manufactured Home Rehabilitation Program (MH Rehab) would be to provide income qualified owners of manufacture homes in Northfield with a grant of up to \$4,000 to increase safety, security and efficiency of the manufacture home. Eligible incomes would be at or below 80% of the area median income (AMI).

The amount of the suggested 2019 CDBG fund allocation would assist from 6 to 10 households.

Eligibility to include:

- Homeowners at or below 80% of area median income (AMI)
- Manufacture homes must be structurally sound and livable after work in completed.
- A certificate of title for the manufactured home or a mutually binding contract for the purchase of the property.
- Applicants must be current on their lot rent at the time of grant award.
- Applicants must be current on property taxes.

Manufactured Home Down Payment Assistance Grant Program \$16,000

The purpose of down payment assistance grant program would be to bridge the affordability gap experienced by many low- and moderate income households for down payment, and/or closing costs, and/or moving & set up costs associated with the purchase of a manufactured home.

Eligibility to include:

- Homeowners at or below 80% of area median income (AMI)
- Used manufacture homes must be structurally sound and livable.
- The purchaser must receive a certificate of title for the manufactured home.
- Applicants who currently own a manufactured home must be current on their lot rent at the time of grant award and current on property taxes.

The amount of the suggested 2019 CDBG fund allocation would assist from 4 to 6 households.

Manufactured Home Clearance & Demolition Program \$20,000

The purpose of the clearance and demolition program would to assist low and moderate income households with the costs of demolition of an existing non-habitable manufactured home. The allocation would assist 2 - 3 households.

Eligibility to include:

- Homeowners at or below 80% of area median income (AMI)
- Homes that are the residence of the applicant household.
- The manufacture home must be non-habitable.
- Homeowner has a certificate of title for the manufactured home.
- Applicants who currently own a manufactured home must be current on their lot rent at the time of grant award and current on property taxes.

When considering programs to utilize 2019 CDBG funds the HRA should note:

In recent years, HUD has mandated that any CDBG funds not used within 4 years of the allocation date will be recaptured. Staff recently learned from the CDA that unused funds will be subject to redistribution in January of the 3<sup>rd</sup> 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.

**OPTIONS:**

The HRA may also considered other programs to utilize 2019 CDBG funds. In the past, these funds have been utilized for scattered site acquisition and other land purchases. However, the HRA should have a program outlined and planned before requesting CDBG funding.

**RECOMMENDATION:**

The HRA to consider allocating 2019 CDBG funds as follows:

Manufactured Home Rehabilitation Grant Program	\$25,000
Manufactured Home Down Payment Assistance Grant Program	\$16,000
Manufactured Home Clearance & Demolition Program	<u>\$20,000</u>
Total	\$61,000

