



Legislation Text

File #: HRA Res. 2018-001, **Version:** 1

DATE: January 11, 2018

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Community Development Block Grant 2018 Allocation

SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment Authority (HRA) is requested to allocate the expenditure of approximately sixty one thousand dollars (\$61,000) in Fiscal Year (FY) 2018-19 Community Development Block Grant (CDBG) Funds.

BACKGROUND:

At the December 14, 2017 HRA Board meeting, staff recommended 2018-19 FY CDBG Funds be allocated as follows:

Northfield Union of Youth Homelessness Program	\$9,000
Home Matters Residential Rehabilitation Program	\$5,000 - \$10,000
Down Payment Assistance	\$5,000 - \$10,000
Northern Oaks Rehabilitation Project	\$32,000 - \$52,000

The Board voted to allocate the 2018-19 FY CDBG Funds

Northfield Union of Youth Homelessness Program	\$9,000
Home Matters Residential Rehabilitation Program	\$5,000
Down Payment Assistance Program	\$5,000
Northern Oaks Rehabilitation Project	\$34,000
Manufactured Home Demolition & Site Clearance	\$8,000

ANALYSIS:

After several conversations with CDA staff members, it appears that allocating funds to DPA and Manufactured Home Demolition & Site Clearance could be problematic to receiving approval of funding.

Manufacture Home Demolition & Site Clearance

In January, 2017 the HRA made a request to the Dakota County Community Development Agency (CDA) to substantially amend their application for CDBG funding and redirect \$11,398 from Demolition and Sit Clearance to a different CDBG activity. The funds were part of an original

allocation to remove abandoned manufacture homes from Florella's Manufactured Home Park (Florella's) in which the HRA established that blighted conditions existed. A number of manufactured homes were removed from Florella's utilizing CDBG funds. In early 2016, the HRA decided not to sign an agreement with Florella's to remove additional abandoned manufactured homes. The park had been listed for sale and the HRA felt that any additional funding would assist the owners with the sale price for the property, which would be in direct conflict with the current CDBG funding goals. In fact, if the park is sold within 5 years of a CDBG grant at the property, the funds must be repaid to the CDA as required by HUD.

The Northfield Inspection Department is currently working toward other solutions for the removal of abandoned manufactured homes.

Requesting additional CDBG funding for manufactured home demolition and site clearance also requires the HRA to establish that blight conditions exist. The HRA did a good job of establishing the blight conditions at Florella's in 2012/2013 when applying for CDBG funds. Although blighted conditions still exist at Florella's, the park is currently being offered for sale by the owners which creates a situation that would require repayment of all CDBG funds expended for manufactured home removal, upon the sale of the park. Based on building and rental inspection information, no blight conditions have been established at Viking Terrace.

Down Payment Assistance Program (DPA)

The City's current DPA program is under-utilized. In early 2017, the HRA made changes to the program to better serve the needs of first time homebuyers. The HRA was able to make two loans following the newly adopted guidelines.

Under CDBG regulations, sub-recipients must use their program income before requesting additional CDBG funds. Currently the HRA has \$20,174.61 in unused program income derived from Down Payment Assistance loan payoffs in 2017. In addition, the HRA will be asking the CDA for a substantial amendment to reallocate \$23,000 in unspent DPA funds that are subject to recapture on June 30, 2018 to another more active program.

OPTIONS:

The HRA may approve the 2018-19 CDBG allocation as directed at the December 14, 2017 HRA meeting or consider the revised staff recommendation for allocation of funds.

HRA RECOMMENDATION 12/14/2017

Northfield Union of Youth Homelessness Program	\$9,000
Home Matters Residential Rehabilitation Program	\$5,000
Down Payment Assistance Program	\$5,000
Northern Oaks Rehabilitation Project	\$34,000
Manufactured Home Demolition & Site Clearance	\$8,000
Total	\$61,000

REVISED STAFF RECOMMENDATION

Northfield Union of Youth Homelessness Program	\$9,000
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Home Matters Residential Rehabilitation Program	\$5,000
Northern Oaks Rehabilitation Project	\$47,000
Total	\$61,000

RECOMMENDATION:

Based on conversations with Dakota County CDA staff, it is unlikely that CDBG funding for the Manufactured Home Demolition and Site Clearance program would be justified for 2018-19. It is also imperative that unused program income derived from Down Payment Assistance loan payoffs be fully expended before requesting additional CDBG funds. For these reasons, staff cannot recommend utilizing 2018-19 FY CDBG funds for Manufactured Home Demolition & Site Clearance or the Down Payment Assistance Program.

Staff recommends that the FY 2018-19 CDBG funding request be allocated as follows:

Northfield Union of Youth Homelessness Program\$9,000	
Home Matters Residential Rehabilitation Program	\$5,000
Northern Oaks Rehabilitation Project	\$47,000
Total	\$61,000