



Legislation Text

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DATE: February 8, 2018

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Community Development Block Grant (CDBG) Substantial Amendment

SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment Authority (HRA) is asked to approve a substantial amendment to CDBG fund allocation to utilize funds subject to recapture.

BACKGROUND:

In 2013, \$15,000 in CDBG funds were allocated to the Down Payment Assistance (DPA) Program. The funds remained unspent and in 2016 \$12,000 was transferred to another activity, specifically the purchase of North/South Oaks Apartments. The remaining \$3,000 in the 2013 allocation for DPA has also remained unspent. The remaining \$3,000 is subject to recapture on June 30, 2018.

In 2014, \$20,000 in CDBG funds were allocated to the DPA program. The funds remain unspent and are subject to recapture on June 30, 2018.

An allocation of \$30,000 in CDBG funds was made in 2013 for the Demolition and Clearance Program. In 2017, \$11,398.50 remained unspent and was subject to recapture. The CDA approve the transfer of the unspent funds to the Downtown Historic District Residential Rehabilitation Program. There are still \$1,398.50 in unspent funds for this activity which are subject to recapture on June 30, 2018.

The Residential Rehabilitation Program for the Cherry Park Neighborhood received additional CDBG funding in 2013. However, no applications were received in the program area. Some of the funds were used in neighborhoods previously designated for the program. The HRA changed the perimeters of the program in 2017. Some of the changes included making the program apply City wide and changing the \$5,000 grant to a \$10,000 forgivable loan. However, there are unspent funds of \$7,387.63, which are subject to recapture on June 30, 2018.

Program Activity	Program Year	Unspent
DPA	2013	\$3,000
DPA	2014	\$20,000
Rental Rehab	2013	\$1,398.50
Residential Rehab	2014	\$7,387.63

Total		\$31,786.13
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ANALYSIS:

At the November 9, 2017 HRA meeting, Staff reported the Dakota County Community Development Agency (CDA) would begin recapture of funds in January and redistribute to other Cities and programs so that funds would not be recaptured by the Department of Housing & Urban Development (HUD) in June.

The unspent funds, which are subject to recapture on June 30, 2018, could be used for the Residential Rehabilitation Program in which the HRA makes up to \$10,000 in forgivable loans to income qualified homeowners for the purpose of making certain repairs/improvements to their homes.

In the Fall of 2017 Staff conducted windshield surveys of houses in two areas of the City. Direct mailings were sent to individual homeowners with information about the Residential Rehab Program. As a result, 5 eligible applications have been received. Although the HRA could potentially loan up to \$50,000 for these applications, it is estimated that loans will be made for approximately \$35,000.

Staff was able to report to the CDA the success of the residential rehabilitation outreach and the applications received. Because of this effort, the CDA has agreed to allow the HRA to request a substantial amendment to CDBG funding transferring unspent 2013 & 2014 funds from DAP and Rental Rehab to the Residential Rehab Program, rather than redistribute the funds to other Cities.

Since \$7,387.63 in 2014 unspent funds are already allocated to the Residential Rehabilitation Program, the amendment would transfer \$24,398.50 from DPA and Rental Rehab programs.

RECOMMENDATION:

Staff recommends the HRA adopts the resolution requesting a substantial amendment to the 2013 & 2014 CDBG applications allowing unspent funds in the amount of \$24,398.50 be transferred to the Residential Rehabilitation Program.