



Legislation Text

File #: 19-843, **Version:** 1

DATE: May 28, 2019

TO: Members of the Housing & Redevelopment Authority

FROM: Janine Atchison, Housing Coordinator

Quarterly Report - Community Development Block Grants

SUMMARY AND ACTION REQUESTED:

The Housing & Redevelopment Authority (HRA) to review quarterly Community Development Block Grant (CDBG) report and determine continued participation in the CDBG program.

BACKGROUND:

Dakota County is qualified as an urban county and is entitled to receive an annual allocation of CDBG funds. Although only a portion of the City of Northfield is located within Dakota County, the entire City of Northfield is eligible for a small portion of the annual Dakota County CDBG allocation. The Dakota County Community Development Agency (CDA) serves as the program administrator for CDBG funds dispersed to the Northfield HRA. The HRA was allocated CDBG funds of \$63,305 in FY 2018.

The HRA has utilized CDBG funding to assist moderate and low-income families with 1st time Home Buyers Down Payment Assistance, Residential Rehabilitation for owner occupied homes, Rental Rehabilitation, and Manufactured Housing Demolition & Site Clearance. In addition, the HRA was able to assist Three Rivers Community Action Agency (TRCA) in the purchase of the 44-unit North & South Oaks Apartment complex, effectively maintaining the units as affordable to people at or below 60% of the area medium. The HRA is currently utilizing CDBG funding to assist TRCA with the rehabilitation of Northern Oaks Townhomes on Dresden Ave.

Staff recently received notification From the CDA regarding fiscal year (FY) 2019 CDBG funding. HUD released the FY 2019 CDBG allocation on Friday, April 12, 2019. Dakota County will receive \$1,887,578, which is a 2.8% decrease from FY 2018. The CDA has adjusted the funding for the activities submitted for FY 2019. The Northfield HRA allocation for FY 2018 was \$63,305. Due to the decrease in funding the HRA CDBG allocation for FY 2019 will be \$61,591.

Every three years, the U.S. Department of Housing & Urban Development (HUD) requires urban counties to requalify their entitlement status and participating communities for the purpose of awarding CDBG and other funding. Dakota County has qualified as an urban county and has received an annual allocation of CDBG funds since 1984. The CDA would like to continue their partnership with the Northfield HRA. However, the Northfield HRA may opt out and terminate their participation in the CDBG program by notifying the CDA and HUD no later than May 17, 2019.

ANALYSIS:

The HRA has successfully utilized CDBG funds to assist in maintaining and preserving affordable housing in Northfield. Funds are currently available for 1st Time Homebuyers down payment assistance, residential rehab for owner occupied properties and Northern Oaks rehabilitation.

Although the FY 2019 allocation has decreased, the funds should still have a very positive impact on the intended manufactured home rehabilitation activity at Viking Terrace.

OPTIONS:

Currently because of the CDBG entitlement status with the CDA, the HRA is not eligible to apply for the state Small Cities CDBG program while receiving entitlement CDBG funds through the CDA. The HRA may decide to discontinue receiving entitlement CDBG funds through the CDA. However, applications for Small Cities CDBG program are very competitive. The HRA would have to make funding application to HUD each year for each individual CDBG program, which may, or may not be successful due to the stiff competition with all other small cities.

RECOMMENDATION:

HRA to consider a motion to continue utilizing CDBG entitlement funding through the CDA.