



Legislation Text

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City Council Meeting Date: January 4, 2022

To: Mayor and City Council
City Administrator

From: Melissa Hanson, Housing Coordinator

Community Development Block Grant - Consider Adopting Resolution in Support of Fiscal Year 2022 Allotment of Program Funds.

Action Requested:

The Northfield City Council approves the attached Resolution in support of fiscal year (FY) 2022 (July 1, 2022 - June 30, 2023) program allotment for Community Development Block Grant (CDBG) funds.

Summary Report:

Community Development Department staff coordinated with City Administration and with the Housing and Redevelopment Authority in 2021 to identify potential CDBG uses of funds, going forward. Staff is recommending the City Council adopt the Resolution in support of utilizing FY 2022 CDBG for Rental Rehabilitation and Public Facilities. The allocation will provide \$35,840 to the Rental Rehabilitation program and \$29,461 to Public Facilities.

Including Public Facilities in the CDBG application opens the door to use for ADA improvements, restroom facilities, or other public facilities that qualify under the program. This could include park related facilities within income qualifying areas as well. Staff is currently gathering information on the geographic areas eligible for public facilities under program guidelines. During the budget process the funds were contemplated to be utilized for Riverside Lions Park bathroom upgrades. However, that area appears to be ineligible. Staff is preparing a location map and options to come back for future Council direction on options and direction on use.

The City of Northfield is updating Rental Licensing and nuisance ordinances. During stakeholder engagement meetings, it was noted that the City currently has no program tools or incentives to assist landlords with necessary rehabilitation or address life/safety building codes and/or needed energy efficiency upgrades. Approximately 32% (2,351 units) of the City of Northfield's existing housing inventory are rental housing. The Rental Rehabilitation Program is proposed as a tool to help improve the quality of rental housing available in the community. In an effort to maintain housing affordability, this program would only be available to those properties whose tenants are at or below 80% Area Median Income (AMI).

Housing Availability and Quality Facilities are strategic priorities of the City under the 2021-2024 Strategic Plan. The Rental Rehabilitation program and Public Facilities program are initiatives whose outcomes are intended to preserve and improve housing quality across the city and promote and improve accessibility to for-

public City facilities.

Other existing CDBG programs, with remaining fund balances, will continue until such a time as funding is depleted or allocated to another activity.

Background

The CDBG program authority began under Title I of the Housing and Community Development Act of 1974. This Act consolidated eight categorical grant programs including Open Space, Urban Renewal, Neighborhood Development Programs, Historic Preservation, Model Cities supplemental, and Neighborhood Facilities, Water and Sewer and Public Facilities loans.

Title I Housing and Community Development Act of 1974 objective is to develop viable urban communities that provide decent, safe and sanitary housing, a suitable living environment and expanded economic opportunities primarily for persons of low and moderate income. The U.S. Department of Housing and Urban Development (HUD) administers the CDBG program and provides funds, or grants, to state and local governments, or grantees or recipients.

Dakota County participates in the CDBG program as an Entitlement County and receives funds each year directly from HUD. The Dakota County Community Development Agency (CDA) is considered a subgrantee or administrator of CDBG funds. Dakota County has several participating cities and townships that receive CDBG funds and implement CDBG activities. The City of Northfield is an eligible and participating city to receive CDBG funds as a portion of the city resides in Dakota County. The City of Northfield does not receive Federal CDBG funds via Rice County as they are not eligible to receive direct allocation.

The City of Northfield has a 3-year Cooperation Agreement with the CDA to conduct and promote housing and other community enhancing programs utilizing CDBG funds. Each year the City of Northfield has the opportunity to apply for CDBG funds to utilize for various HUD approved programs. The estimated allocation for the City of Northfield for FY 2022 is \$65,301.

The City Council is the responsible authority for determining the use of allocated CDBG funds. CDBG funds can be used for the following activities:

- Acquisition/Disposition
- Demolition/Clearance
- Economic Development Activities
- Rehabilitation
- Relocation
- Public Facilities/Improvements
- Public Services
- Planning
- Homeownership Assistance

The City of Northfield Community Development Department has assumed administrative responsibility for managing the CDBG program funds, and coordinating with Dakota County CDA, on behalf of the City. In the past, The City of Northfield has used some of the CDBG funds for park improvements, funding of the Northfield Community Resource Center (NCRC) and commercial building rehabilitation improvements. In recent years, CDBG funds have been used exclusively for affordable housing related activities, including home

rehab and down payment assistance programs for income qualifying households.

Alternative Options:

The City Council could explore alternative uses outside of housing or public facilities related activities for CDBG fund allocation.

Financial Impacts:

CDBG funds are accessed by the City of Northfield through a reimbursement process. The Dakota County CDA reimburses loans/grants made by the City of Northfield through the HRA for preapproved activities such as Residential Rehab, Manufactured Home Rehab, Down Payment Assistance and Aging In Place Grants. There is no financial impact to the City of Northfield, unless Dakota County CDA receives less than what is projected from HUD. In which case, the HRA or City would use funds from reserves to bridge the gap between projected and actual funds available to the City of Northfield through CDBG.

Tentative Timelines:

The FY 2022 CDBG application deadline is January 15, 2021