

# Staff Summary Report



Council Meeting Date: 4/17/08

Agenda Item Number: \_\_\_\_\_

**SUBJECT:** This is the **second** public hearing to obtain citizen comments on the proposed FY 2008-2009 Action Plan for the Community Development Block Grant (CDBG) and Home Programs.

**DOCUMENT NAME:** 20080417cdlc01 **COMMUNITY DEVELOPMENT BLOCK GRANT (0207-26)**

**SUPPORTING DOCS:** Yes

**COMMENTS:**

**PREPARED BY:** Liz Chavez, Housing Services Administrator (480/350-8958)

**REVIEWED BY:** Chris Salomone, Community Development Manager (480/350-8294)

**LEGAL REVIEW BY:** Kara Stanek, Assistant City Attorney (480/350-8458)

**FISCAL NOTE:** Federal funding for program year 2008-2009 CDBG and HOME programs.

**RECOMMENDATION:** No action is required by the City Council.

**ADDITIONAL INFO:** The purpose of the second public hearing is to gain further comment prior to the adoption of the 2008-2009 Community Development Block Grant (CDBG) and HOME Programs Action Plan on May 1, 2008. The first public hearing was held on February 21, 2008. Legal notice of a 30-day comment period commenced on April 9, 2008.

Through this hearing process, staff will prepare various funding alternatives for City Council review. The preliminary selection of these activities has taken place at the City Council Issue Review Session on March 20, 2008.

Once the final Action Plan is adopted on May 1, 2008, staff will submit the plan to the U.S. Department of Housing and Urban Development (HUD) for approval of the 2008-2009 funding.

## Proposed CDBG Program Activities for Funding year 2008-2009

**AMOUNT OF CDBG FUNDS ANTICIPATED TO BE RECEIVED: \$1,592,703**

Staff recommends the following program eligible activities:

1. **Program Administration** (20% of CDBG entitlement) \$ 318,541  
Maximum allowed under HUD Regulations.
2. **Public Service Activities** (15% of the CDBG entitlement) \$ 238,905  
Maximum allowed under HUD Regulations. Funding has been reserved for Tempe Community Council on recommendations to public services grants.
3. **Affordable Housing;** Funding will be used for the acquisition, acquisition and rehabilitation, or the new construction of affordable homes. This may include direct subsidy to the homebuyer. \$ 385,000
4. **Acquisition;** Citywide \$ 100,000  
These funds will be used for the acquisition of land for redevelopment activities and properties in slum and blighted conditions.
5. **Rehabilitation;** Citywide \$ 525,000  
Funds will be used to rehabilitate emergency and handicapped accessibility items in homes for the City's Housing Improvement program.
6. **Demolition** \$ 15,000  
These funds will be used for the demolition of substandard structures on acquired land.
7. **Contingency** \$ 10,257  
Reserved for activities requiring additional funding for the program year.

## Proposed HOME Program Activities for Funding Year 2008 -2009

**AMOUNT OF HOME FUNDS TO BE ALLOCATED TO TEMPE: \$471,502**

The City receives HOME and American Dream Down Payment Initiative (ADDI) funds from Maricopa County through participation in the Maricopa County Consortium (Consortium members: Maricopa County, Avondale, Chandler, Gilbert, Glendale, Mesa, Peoria, Scottsdale, Surprise and Tempe). For FY 2008-2009, there is an estimated \$471,502 in HOME funds and \$5,223 in ADDI funds reserved for Tempe.

The HOME program, unlike the CDBG program, requires a 25% non-federal match for the City to receive these funds. For FY 2008-2009 the city's match requirement will be \$110,508.

Staff recommends the following program eligible activities:

1. **Program Administration** (10% of HOME entitlement) \$ 29,469  
Maximum allowed under Consortium Agreement.
  
2. **Housing Improvement and Rental Reinvestment Programs** \$282,033  
Funding is estimated to fully rehabilitate 5-10 dwellings for low/moderate income families in Tempe. This is a continuation of the City's on-going programs to fully rehabilitate substandard owner-occupied homes and rental units.
  
3. **Downpayment Assistance** \$260,000  
Funds will be used for the Section 8 and Community Assistance Mortgage Programs. This is a continuation of the City's first-time Homebuyer programs which provides direct subsidy to the homebuyer for downpayment assistance.

**AMOUNT OF AMERICAN DREAM DOWNPAYMENT INITITIVE (ADDI) FUNDS TO BE ALLOCATED TO TEMPE:**

**\$ 5,223**

Funds will be used for the Section 8 and Community Assistance Mortgage Programs. This is a continuation of the City's first-time homebuyer programs.

### **Recommended Program Income Activities**

In FY 2008-2009, it is anticipated that approximately \$100,000 will be received in program income. This amount represents rehabilitation loan pay-offs and/or on-going repayments under the amortized loan program. This program income will be used to augment the CDBG housing rehabilitation program and will make possible the rehabilitation of an additional estimated 4 homes for low/moderate income people in Tempe.