



Memorandum

Community Development Department

DATE: March 10, 2008

TO: Mayor and City Council

FROM: Chris Salomone, Community Development Manager
Liz Chavez, Housing Services Administrator

SUBJECT: CDBG/HOME Programs; Selection of Activities for FY 2008-2009

HISTORY & FACTS: The City is required by the U.S. Department of Housing and Urban Development (HUD), to submit an Action Plan describing the proposed use of Community Development Block Grant (CDBG) and HOME funds that the City expects to receive for Fiscal Year 2008-2009 before those funds are allocated. The Action Plan describes those activities the City has elected to fund under the CDBG and HOME programs. As part of this plan process, the City Council held a first public hearing on February 21, 2008 to obtain views and proposals from citizens and groups on how the funds might be allocated.

The purpose of this March 20, 2008 Issue Review Session is for City Council to approve the recommended selection of activities to be funded using CDBG, HOME and program income funds for the program's fiscal year 2008-2009. These activities will be included in the Action Plan for FY 2008-2009.

A second public hearing for citizen comment on the Action Plan will be held on April 17, 2008. On May 1, 2008 the Plan will be on Council's agenda for final approval.

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 FY2007-2008, there is an estimated \$487,711 in HOME funds and \$12,919 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 FY2007-2008 the city's match requirement will be \$121,928.

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 INITIATIVE (ADDI) FUNDS TO BE ALLOCATED TO TEMPE: \$ 13,919

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.