
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: April 3, 2007

SUBJECT: CDBG/ESG/HOME/HOPWA/ADDI Briefing

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Jennifer Bruno, Budget & Policy Analyst

ADMINISTRATIVE DEPT. AND CONTACT PERSON: Housing and Neighborhood Development
LuAnn Clark

On Tuesday, March 13, 2007, the Mayor presented his recommended budgets for the use of the 2007-2008 Federally allocated Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnerships Program (HOME), Housing Opportunities for People with AIDS (HOPWA), and American Dream Down payment Initiative (ADDI) monies. During his presentation, Council Members received a booklet that showed each project that applied for funding, the funding request, the funding level recommended by the Community Development CIP Advisory Board (CDCIP), and the Mayor's recommended funding level. Council Members also received descriptions for each project.

Salt Lake City's funding level for fiscal year July 1, 2007 to June 30, 2008 represents a .1 percent increase (\$4,265) from the current fiscal year, following a 9.5 percent reduction the previous fiscal year.

On March 20, 2007, the Council held a public hearing on the Mayor's Recommended CDBG, ESG, HOME, ADDI and HOPWA budgets. Briefings with the Council on the Mayor's Recommended CDBG, ESG, HOME, HOPWA, and ADDI budgets are tentatively scheduled for April 3, April 10, and April 17. The Council may wish to consider approving the budgets, with any desired revisions, on April 17, as the Administration will need to prepare a final document to submit to the US Department of Housing and Urban Development. The Council has the option of approving the budgets prior to April 17 if the discussions and briefings have concluded.

OPTIONS

The Council may wish to identify its funding priorities and make tentative adjustments to the Mayor's recommendation if the Council's priorities are different than those recommended by the Mayor, and after public input is received at the public hearing. All correspondence and comments that the Council Office received have been forwarded to Council Members for review.

POLICY CONSIDERATIONS

The City Council has the following policies with respect to the CDBG, ESG, HOME, and HOPWA programs. The Council may wish to reevaluate its policies to reaffirm or revise them.

1. The Council will not consider awarding CDBG, ESG, HOME or HOPWA funding to any organization unless an application for funding was received. This allows the City to meet federal requirements that all programs/projects funded are the subject of a public participation process.
2. Due to limitations of future CDBG funds by the federal government, it is the intent of the City Council that administrative and operational support not be increased for existing programs and not be provided to new programs absent extenuating circumstances.
3. It is the intent of the City Council to only consider CDBG-eligible projects and programs located within the City's jurisdictional limits for funding.

During prior-year briefings on the Council's CDBG, ESG, HOME and HOPWA policies, Council Members raised several policy issues.

1. During last year's budget process the Council expressed an interest in giving priority to projects that have been identified for CDBG funding in the recently adopted 10 Year Capital Improvement Plan. This statement could be added to the other policy statements see Page 8 for this list of projects.
2. Council Members had expressed a concern that CDBG projects are funded for design, but never get funded for construction. Aside from the two street design requests (neither of which were recommended to be funded), and the public services category, all of the CDBG funding request are for "bricks and mortar" construction/renovation projects.
3. Council Members expressed an interest in knowing what percentage of the recommended budget was allocated to administration or operating costs, versus one-time "bricks and mortar" or capital projects. By CDBG statute, no more than 15% of the grant allocated to Salt Lake City, can go towards the "Public Service" category (for salaries and administration activities).
4. Council Members indicated a desire to know which projects submitted by City departments were also on the City's inventory of capital needs. Historically, when CIP projects fall in CDBG-eligible areas, City departments have applied for CDBG funding. If funding was not awarded, those projects then competed for funding within the annual CIP budget. There are multiple instances of projects that have been generally identified in the newly-adopted CIP 10 Year plan. These projects are identified on Page 8 of this staff report.
5. Council Members raised some questions about CDBG allocations being used to fund projects submitted by City departments rather than from community or neighborhood groups. There is no requirement or restriction from HUD regarding the allocation of CDBG dollars to projects initiated by the administering agency. CDBG funding could be considered a way to augment the City's dwindling resources in order to accomplish community goals and objectives. The Council may wish to revisit the practice of funding City-initiated projects if this practice is of concern to Council Members.
6. Council Members asked whether the Council could commit multi-year funding in order to finance large projects. While a current Council cannot legally bind a future Council by appropriating future CDBG allocations (and because annual CDBG allocations are dependent on the Federal budget), the Council has some tools with which to plan for the

financing of major projects. First, the Council can indicate its intent, which is not binding, to fund a project over a period of years. The Council did this in 1998 and 1999 with the construction of the Central City Senior Center, funding half of the project in 1998 and half of the project in 1999. The City simply “holds” the first allocation until the entire budget is appropriated for construction. Second, the Council can utilize Section 108 loans to fund large CDBG-eligible projects. A Section 108 loan is similar to Motor Fuel Excise Tax (MFET) bonding, in that it borrows against future CDBG allocations, like the City has borrowed against future Class C allocations. The City must be able to prove that the City could finance the project and pay back the loan in the event that future CDBG funding became limited.

The Council and Administration utilized this funding mechanism in 1989 in order to purchase a property (the Canterbury Apartments) for the non-profit arm of the Salt Lake City Housing Authority, as they were at risk of defaulting on some bonds, which they used to purchase some rental properties. The purchase of the building was deemed to be in keeping with the community development and housing objectives of the CDBG program. In this instance, the City borrowed against a portion of 5 years of future CDBG funding, purchased the Canterbury and financed repairs at the Ben Albert Apartments. The rents from the Canterbury and CDBG funds were used to pay off the Section 108 loan. The properties have now been deeded by the City to the Housing Authority, who will begin (in 2006) to pay the City back, over a period of 10 years, for a portion of the original loan.

The City made this policy decision for two purposes: 1) to contribute to community housing development; and 2) to solidify the CDC’s bond situation, since to default would have reflected negatively on the City’s bonding ability.

ANALYSIS

The following information is a brief summary of the proposed 33rd Year CDBG, ESG, HOME, and HOPWA budgets. The summary includes an analysis of the recommended budgets and indicates where the proposed budgets differ from previous budgets or may not be consistent with previous policy directives adopted by the Council. Council staff has attached the 33rd Year CDBG, ESG, HOME, and HOPWA recommendations that were provided during the Mayor’s address, as well as a comprehensive description of each project that applied for funding.

Community Development Block Grant Program -

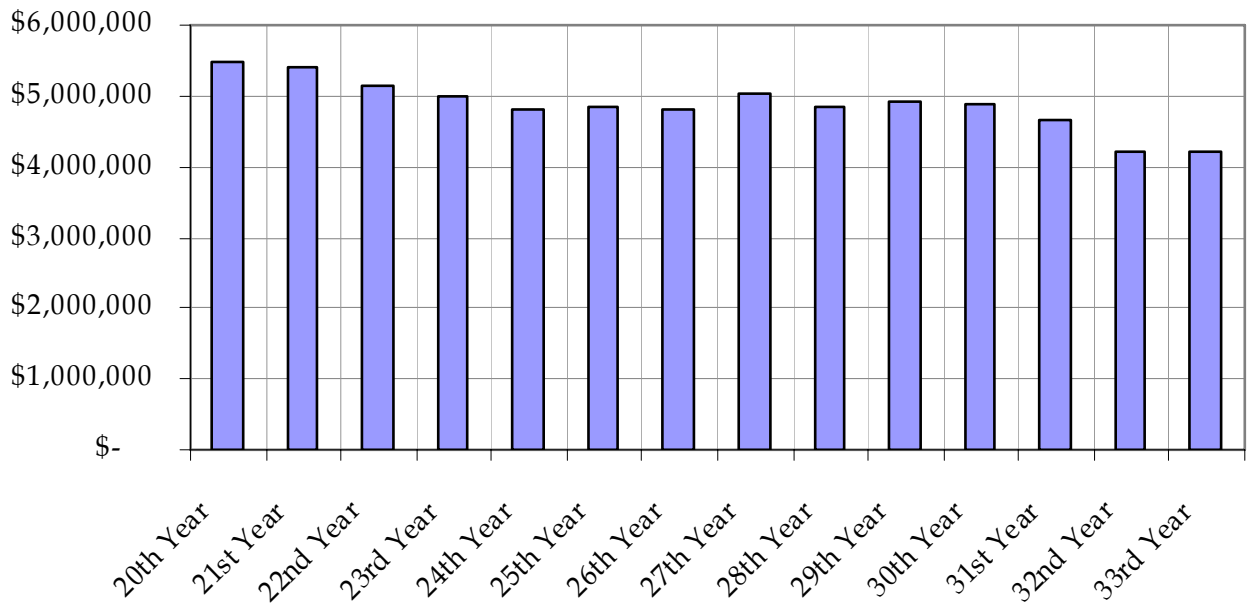
The Administration received applications for \$7,036,772 in 33rd Year CDBG funding (down 35% from \$10,833,563 in the 32nd Year). HUD awarded Salt Lake City \$4,211,888 in 33rd Year CDBG funding, an increase of \$4,265 (.1 percent) from the last fiscal year. The Administration is proposing to augment HUD’s award with \$518,468 in funding reallocated from prior years for a total budget of \$4,730,356. The difference between funding requested and funding that can be allocated in this funding cycle is \$2.3 million (down from a \$6.1 million shortfall in the 32nd year).

The total funding grant amount awarded and allocated over the past ten years is as follows:

- 33rd Year (07-08) \$4,211,888 (+ \$518,468 reallocated = \$4,730,356)
- 32nd Year (06-07) \$4,207,623 (+ \$523,361 reallocated = \$4,730,984)
- 31st Year (05-06) \$4,649,907 (+ \$378,138 reallocated = \$5,028,045)
- 30th Year (04-05) \$4,891,000 (+ \$400,000 reallocated = \$5,291,000)

- 29th Year (03-04) \$4,937,000 (+ \$198,465 reallocated = \$5,135,465)
- 28th Year (02-03) \$4,854,000 (+ \$163,800 reallocated = \$5,017,800)
- 27th Year (01-02) \$5,031,000 (+ \$300,000 reallocated = \$5,331,000)
- 26th Year (00-01) \$4,791,000 (+ \$249,279 reallocated = \$5,040,279)
- 25th Year (99-00) \$4,840,000 (+ \$150,000 reallocated = \$4,990,000)
- 24th Year (98-99) \$4,810,000
- 23rd Year (97-98) \$4,999,000 (+ \$220,000 reallocated = \$5,219,000)
- 22nd Year (96-97) \$5,145,000

CDBG Historic Funding Levels



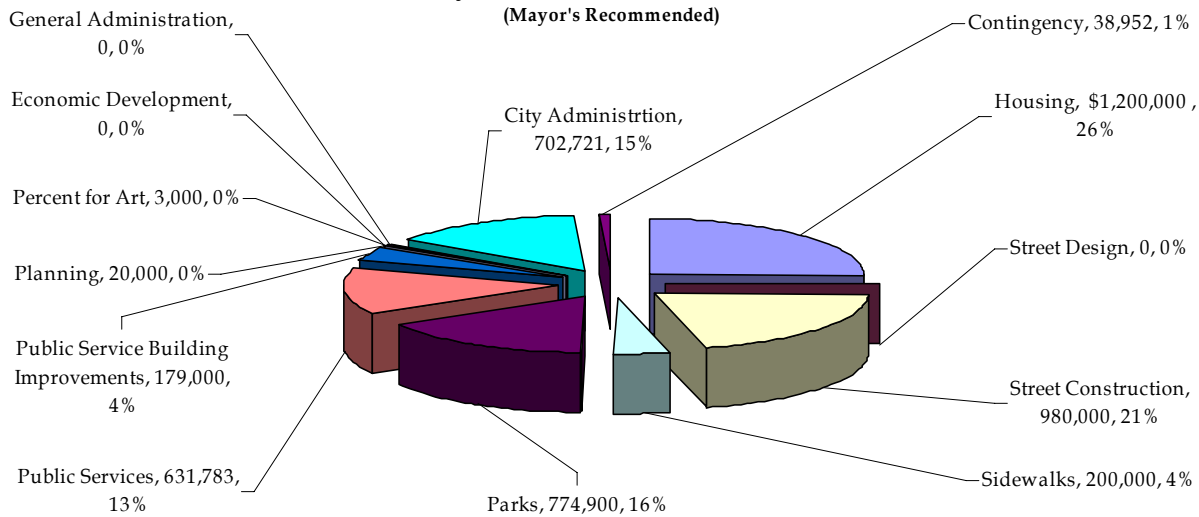
The CDBG budget is divided into the major categories. A comparison of overall proposed funding for each category is as follows:

Summary - CDBG Allocation - FY 06-07

| | 32 nd Year Adopted (2006-07) | 33 rd Year Applications (2007-08) | 33 rd Year CDCIP* Recommendations | 33 rd Year Mayor Recommendations |
|--------------------------------------|--|--|---|--|
| Housing | \$ 1,280,000 | \$ 1,485,000 | \$ 1,200,000 | \$ 1,200,000 |
| Street Design | -0- | 199,000 | 0 | 0 |
| Street Construction | 751,129 | 1,202,000 | 980,000 | 980,000 |
| Sidewalks | 300,000 | 400,000 | 260,305 | 200,000 |
| Parks | 687,600 | 1,104,900 | 739,900 | 774,900 |
| Public Services | 631,143 | 1,099,711 | 619,027 | 631,783 |
| Public Service Building Improvements | 224,547 | 581,640 | 191,000 | 179,000 |
| Economic Development | -0- | 115,000 | 0 | 0 |
| Planning | 118,550 | 42,200 | 3,200 | 20,000 |
| Percent for Art | 5,000 | 3,000 | 3,000 | 3,000 |
| General Administration | -0- | 21,600 | 0 | 0 |
| City Administration | 702,721 | 702,721 | 702,721 | 702,721 |
| Contingency | 30,294 | 80,000 | 31,203 | 38,952 |
| Total Recommended | \$ 4,730,984 | \$ 7,036,772 | \$ 4,730,356 | \$ 4,730,356 |

*Community Development CIP Advisory Committee

**Summary - CDBG Allocation - FY 07-08
(Mayor's Recommended)**



The following synopsis details the major changes between the 32nd Year Adopted and 33rd Year Recommended CDBG budget by funding category.

Housing

The City received six applications for housing-related projects in the 33rd Year CDBG funding for a total amount of \$1,485,000. The Mayor and CDCIP did not differ in any other recommended funding amounts.

All of the organizations that received CDBG Housing category funding in the 32nd Year and requested funding in the 33rd Year are recommended for funding in the 32nd Year, except one. The Community Development Corporation's Property Purchase and Rehabilitation program requested \$200,000 for the purchase and rehab of two properties for affordable housing (#3). Neither CDCIP nor the Mayor recommended funding this request. The Council may wish to revisit this funding recommendation and discuss further given recent goals and discussions had by the Redevelopment Agency Board of Directors. The CDC did receive a funding recommendation for \$70,000 for program support (#2).

Street Design

Two applications were received for street design projects for a total amount of \$199,000. Neither CDCIP nor the Administration recommended any funding for street design proposals.

Street Construction

The City received three applications totaling \$1,202,000 for this category, which funds construction of street improvements in CDBG-eligible areas. The Mayor agreed with CDCIP's recommendations in all cases, for a total of \$980,000 in funding (for two of the three projects). The recently adopted 10 Year CIP plan contemplates an estimated \$2,000,000 per year for local street reconstruction - for non-specified local streets. Engineering submits funding requests for both CIP and CDBG processes in order of need.

Sidewalks

The recently adopted CIP 10 Year Plan includes \$900,000 per year in sidewalk replacement (to be matched with \$700,000 per year in Special Improvement District funds). The application for CDBG-funded sidewalk replacement this year was for \$400,000. CDCIP recommended funding in the amount of \$260,305 and the Mayor recommended funding in the amount of \$200,000.

Parks

There are seven requests for park category funding for a total of \$1.1 million. CDCIP is recommending \$739,900 and the Mayor is recommending \$774,900. CDCIP and the Mayor recommended full funding for all projects but #3, Glendale Park Improvements. #5 Cottonwood Park Playground was recommended for partial funding (Engineering and Design) by the Mayor, and no funding by CDCIP.

Public Services

The Administration received applications from thirty-five organizations for a total of \$1,099,711. According to HUD guidelines, the maximum amount that can be spent per year on public services expenses is 15% of the total award, plus program income. The amount recommended by the Mayor meets the 15% cap, at \$631,783. The Council may reallocate funding among the public services requests, but will not be able to fund over this 15% cap.

The "Public Services" category includes requests from agencies and organizations for operational or administrative support for programs that provide community services. While federal Community Development Block Grant regulations allow a certain amount of funds to be spent for the expansion and improvement of community services, the original intent of the

program was to revitalize neighborhoods. Past Councils have maintained a policy not to increase administrative or operational funding for existing programs or to grant operational funding for new programs absent extenuating circumstances. This decision has been in consideration of the program's original intent and in light of limited CDBG funding from the federal government.

In a few instances, the Mayor and CDAC have recommended that agencies receive increased operational and administrative funding, and have indicated that these recommendations were based on extenuating circumstances. The Council may wish to note that cost of living or inflationary increases have not been considered into CDBG funding allocations within recent years. The Council may also wish to note that some of the funding requests within this category are for equipment and supplies, which could be considered more of a capital item than administrative or operating item (machines, vehicles, computers, printers, etc).

The Council may wish to note that with the exception of the Big Brothers Big Sisters of Utah (School-based Mentoring Program), Kostopulous Dream Foundation Summer Recreation Programs, Literacy Action Center, and the YWCA (Residential Self-Sufficiency Program), all of the CDCIP and Mayor's recommendations (other than exact funding levels) are consistent. Most of the Mayor's funding recommendations differ with CDCIP's with regard to new organizations to the CDBG process. The following are new groups that the Mayor has recommended funding, though they have not been funded by CDBG in previous years: Big Brothers Big Sisters of Utah (School-based Mentoring Program) and the YWCA (Residential Self-Sufficiency Program).

Public Services Building Improvements

The Administration received twelve applications for Public Services Building Improvements totaling \$581,640 from ten organizations. CDCIP has recommended funding \$191,000 of these requests. The Mayor has recommended funding \$179,000 of these requests.

The Council may wish to note that with the exception of the Odyssey House, Salvation Army and the Volunteers of America Adult Detox Center, all of the CDCIP and Mayor's recommendations (other than exact funding levels) are consistent.

Economic Development

One application for \$115,000 was submitted by SLC Economic Development Department for funding for design and construction grants for façade renovation projects for eligible businesses within CDBG-eligible area "commercial nodes." Grants are \$10,000 and recipients must provide a dollar-for-dollar match. Neither the Mayor nor CDCIP recommended funding this request.

Street Lights/Urban Amenities

Last year the Council decided to hold off on any further CDBG lighting funding until a city-wide Streetlighting Policy is adopted, providing the Administration and the Council guidelines by which to judge and compare neighborhood requests for streetlighting. The policy would also lay out a standard procedure for financing the streetlighting construction and ongoing costs (neighborhood share of the costs vs. city share of the costs). It is Council staff's understanding that the Administration is currently finalizing this policy. We understand it will be advanced for Council consideration in the coming weeks.

Planning

There were four applications for a total of \$42,200 for CDBG funding consideration within this category. Two of the applications involve formatting and printing of Master Plans (the Euclid Small Area Plan and the West Salt Lake Community Master Plan). Additionally, there is a request for a second phase Historic Survey for the Liberty Wells Community. The Council funded phase 1 of the survey last year (\$28,550). The Administration had indicated that a completed Phase 1 level survey would provide more information about how much an intensive-level survey would cost. The Phase 1 level survey is not yet complete, but should be completed in the coming months. CDCIP is recommending funding for one project - #2, Homeless Point-in-Time Street Count (a new request). The Mayor is recommending funding for one project - #1, Historic District Classification Survey - Liberty Wells Community Council.

Percent for Art

The percent for art budget recommended by CDCIP and the Mayor is \$3,000. For the last two years the Council has allocated more than this (\$5,000 in FY 07 and \$6,000 in FY 06). Before FY 06 however, \$3,000 was the amount funded by the Council on a consistent basis.

Administration (General/City)

This year there was one application for General Administration funding, submitted by SLC HAND to provide grants for Community Councils to fund costs associated with community outreach. Neither the Mayor nor CDCIP recommended funding for this request. City Staff has indicated that Community Councils have not approached HAND in recent years with an interest in pursuing these grants. The Council did not fund this request in the last funding cycle.

For City Administration requests, both CDAC and the Mayor have recommended the full requested amount of \$702,721.

Contingency

The 33rd Year contingency budget is proposed to be \$80,000. Both the Mayor and CDAC have recommended reducing this proposed amount. The Council approved \$80,000 in 30th Year contingency, but approved \$30,000 in the 32nd year, upon assurances from the Administration that this would not in any way put the overall program at risk. The Mayor is proposing to fund this in the amount of \$38,952.

10 YEAR PLAN-RELATED PROJECTS:

The following are projects identified in the CIP 10 Year Plan that are have funding requests for the current year's CDBG cycle:

1. \$300,000 - ADA Physical Access Ramps (Street Construction, #1) - The 10 Year Plan recommends \$400,000 per year to address this issue. However it lists the funding source as "General Fund" (meaning CIP) and not CDBG. Both CDCIP and the Mayor recommended funding this request in full.
2. \$680,000 Redwood Drive Street Reconstruction (Street Construction, #2) - The 10 Year Plan does not identify this street specifically, but does recommend \$2 million per year in "Local Street Reconstruction," from CIP or CDBG sources. The request from SLC Engineering was for \$740,000. Both CDCIP and the Mayor recommended funding \$680,000.

3. \$200,000 – Sidewalk Replacement Program (Sidewalks, #1) – The 10 Year plan recommends \$900,000 per year from “General Fund” to address Deteriorated Sidewalk Replacement. The request from SLC Engineering was for \$400,000. CDCIP recommended funding \$260,305, and the Mayor recommended funding \$200,000.
4. \$150,000 – 1700 South Jordan River Park Parking Lot (Parks, #4) – This project was partially funded in FY 04/05. The CIP 10 Year Plan recommends \$150,000 in FY 06-07 for completion of the project from General Fund. Both CDCIP and the Mayor recommended funding this request in full.
5. \$215,000 – Cottonwood Park Playground (Parks, #5) – The 10 Year Plan recommends funding for this project (replacing playground equipment for ADA Compliance) in FY 07-08 for \$179,100. CDCIP did not recommend funding this request. The Mayor recommending funding the engineering and design portion of this request (\$35,000).
6. \$400,000 - Glendale Park Tennis Court Improvements (Parks, #6) – The 10 Year Plan recommends funding for this project, reconstructing four tennis courts in Glendale Park, in FY 06-07 in the amount of \$322,000. Both CDCIP and the Mayor recommended funding this request in full.
 - a. Staff note: there is an additional request regarding Glendale Park Tennis Courts, submitted by a community group, that is requesting the opposite of what is recommended by SLC Engineering. It is Parks #3, for \$150,000 – Glendale Park Tennis Court Improvements. This request is from a community group called the “South Pacific Island Association.” They are requesting that the City remove four of the deteriorated tennis courts in Glendale park and replace them with restrooms and parking.
 - b. The Administration has indicated that through conversations with other groups in the Glendale community, there is not a consensus that these four deteriorated tennis courts be removed. Most indicate that there is still a strong demand for tennis courts in the area, and agree that they should be reconstructed and not removed.
7. \$20,000 – Tree Planting (Parks, #7)– The 10 Year Plan recommends \$20,000 per year from General Fund for tree planting, to replace old and deteriorating trees within City parks. Both CDCIP and the Mayor recommended funding this request in full.

Emergency Shelter Grant Program (ESG) –

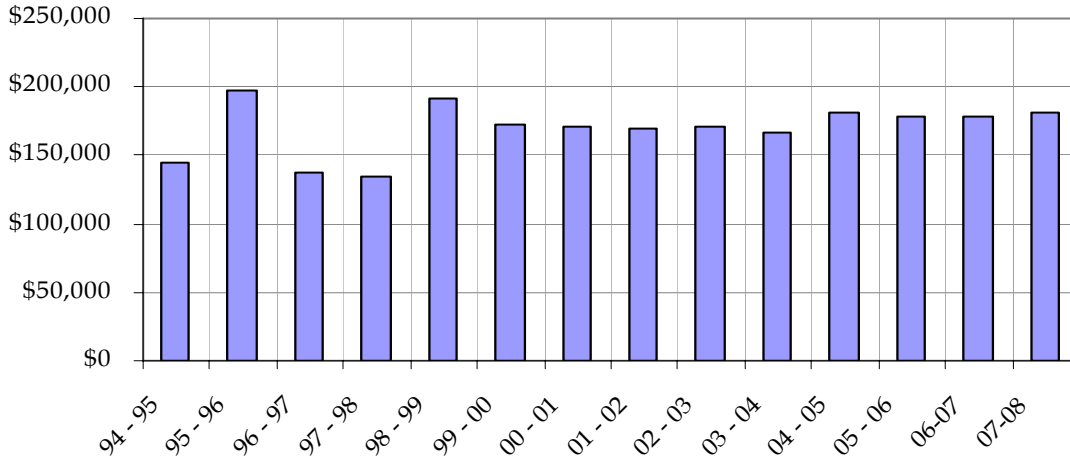
This program is designed to improve the quality of existing emergency homeless shelters, make available additional emergency shelters, meet the costs of shelter operation and provide certain essential social services to the homeless.

The Administration received applications for \$203,500 in ESG funding from nine organizations. The City will receive \$181,476 from the Federal Department of Housing and Urban Development this year (a 1.5% increase from the previous year). Total funding for past ten years is as follows:

- 33rd year (07-08) \$181,476
- 32nd Year (06-07) \$178,855
- 31st Year (05-06) \$178,884

- 30th Year (04-05) \$180,593
- 29th Year (03-04) \$166,000
- 28th Year (02-03) \$171,000
- 27th Year (01-02) \$169,000
- 26th Year (00-01) \$171,000
- 25th Year (99-00) \$172,000
- 24th Year (98-99) \$191,000
- 23rd Year (97-98) \$134,000

ESG Funding Levels



A limited number of agencies in Salt Lake City operate programs that are eligible for ESG funding. Both CDAC and the Mayor recommended funding for all applicants. The Administration and staff can brief the Council on the programs and the intended uses of the funds, during the work session.

Home Investment Partnerships Program (HOME) -

The purpose of the HOME program is to provide funding for the expansion of decent, safe, sanitary and affordable housing for very low-income people. Total HOME funding over the past thirteen years is as follows:

- Year 07-08 \$1,279,714 (+\$361,596 reallocated = \$1,641,310)
- Year 06-07 \$1,292,136 (+\$370,000 reallocated = \$1,662,136)
- Year 05-06 \$1,373,848 (+\$14,015 reallocated = \$1,387,863)
- Year 04-05 \$1,455,036
- Year 03-04 \$1,453,020
- Year 02-03 \$1,354,000
- Year 01-02 \$1,350,000
- Year 00-01 \$1,215,000
- Year 99-00 \$1,209,000 (+ \$151,800 reallocated = \$1,360,800)
- Year 98-99 \$1,122,000
- Year 97-98 \$1,046,000
- Year 96-97 \$1,071,000
- Year 95-96 \$1,048,000

The City received HOME applications totaling \$1,672,971 from six agencies. The City will receive \$1,279,714 from HUD this year in HOME funds, to combine with \$361,596 in reallocated funds, for a total funding amount available of \$1,641,310 (a \$20,826 decrease from last year's total available funds). The Administration and staff can brief the Council on the programs and the intended uses of the funds, during the work session.

- In a related issue, the CDC is requesting that their current contract be amended to increase their maximum down payment assistance from \$5,000 to \$10,000 in order to respond to the rising home costs in Salt Lake City (they are also requesting that this change be reflected in their pending CDBG application). This request is not for an increase in the amount of funds the CDC will receive from the City, but rather the amount that can be offered to each first time homebuyer. The CDC has provided more information to City staff justifying this increase. If Council would like to review this information, staff can provide it.
- The current City policy has been not to make changes on funding applications after the funds have been approved. However, due to the difficulties the CDC is experiencing in using these funds, **the Administration is requesting the Council consider this proposal.**

Housing Opportunities for Persons with AIDS (HOPWA) -

The purpose of the HOPWA program is to provide housing assistance and supportive services for low-income persons with HIV/AIDS and their families. The HOPWA Grant program provides assistance through formula allocations to eligible States and metropolitan areas. The Salt Lake City/Ogden Metropolitan Statistical Area (MSA) has qualified to receive funding from year 2007-2008 due to the number of HIV/AIDS cases in the MSA. The grant amount this year is \$346,000 combined with an additional \$31,632 in available carry-over funds, for a total of \$377,632. The grant amount last year was \$353,000, combined with \$2,554 in available funds, for a total of \$355,554. This year's grant amount represents a \$7,000 decrease.

The City participates on a Statewide HIV/AIDS Housing Steering Committee to ensure all applications are consistent with the needs identified in the strategy for the MSA. The Steering Committee updated the State HIV/AIDS housing Plan in June 2001, with revisions planned for this year. The City has also met with all entities within the MSA to coordinate their recommendations and determine the services needed in their areas, as well as how best to perform community outreach.

There were ten requests for \$440,850 in funding. The Mayor and Housing Trust Fund Advisory Board recommended funding all but one request (#8, U of U Infections Disease Clinic 1a, which was a new request). The Administration and staff can brief the Council on the programs and the intended uses of the funds, during the work session.

American Dream Downpayment Initiative (ADDI) -

The American Dream Downpayment Initiative (ADDI) was a new federal program in 2004. ADDI aims to increase the homeownership rate, especially among lower income and minority households, and to revitalize and stabilize communities.

The total grant allocation for this program for FY 07-08 is \$27,341. There were two applications for this program, totaling \$125,000. The Housing Trust Fund Advisory Board and the Mayor both recommended funding both requests (albeit at smaller amounts).

➤ **BACKGROUND**

The annual appropriations of CDBG, ESG, HOME, HOPWA, and now ADDI are distributed to Salt Lake City by the U.S. Department of Housing and Urban Development (HUD). In 1995, Salt Lake City submitted a five-year consolidated plan for the CDBG, ESG and HOME programs, which defined how Salt Lake City planned to use its housing and community development resources to meet policy objectives. Each year the Mayor proposes a one-year action plan, or budget for these programs, and reports on the past year's accomplishments in a Consolidated Annual Performance and Evaluation Report (CAPER). The City Council then makes the changes deemed necessary and finalizes the one-year action plan for submission to the U.S. Department of Housing and Urban Development (HUD).

In FY2000-2001, and again in FY 2005-2006, a new five-year consolidated plan was prepared by the City and adopted by the Council for submission to HUD, in addition to the one-year budget for each program. The Consolidated Plan is available for review by Council Members.

cc: Cindy Gust-Jenson, Lyn Creswell, Louis Zunguze, George Shaw, Luann Clark, Greg Johnson, Sherri Collins, Janice Jardine, Lehua Weaver, Sylvia Jones, Gary Mumford, Steve Fawcett and Gordon Hoskins

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ROSS C. "ROCKY" ANDERSON
MAYOR

CITY COUNCIL TRANSMITTAL

TO: Lyn Creswell, Chief Administrative Officer  **DATE:** February 2, 2007

FROM: Louis Zunguze, Community Development Director 

SUBJECT: Appropriation Resolution adopting the One-year Action Plan for 33rd Year Community Development Block Grant (CDBG) Funding, HOME Investment Partnerships Program Funding, American Dream Downpayment Initiative (ADDI) Funding, Emergency Shelter Grant (ESG) Funding, and Housing Opportunities for Persons with AIDS (HOPWA) Funding for Fiscal Year 2007-08 and Approving Interlocal Cooperation Agreement between Salt Lake City and the U.S. Department of Housing and Urban Development (HUD)

STAFF CONTACTS: LuAnn Clark, Director, Housing and Neighborhood Development Division, 535-6136, or luann.clark@slcgov.com

ACTION REQUIRED: That the City Council:

1. Schedule Mayor Anderson's funding recommendation presentation for March 13, 2007;
2. Schedule the required public hearing for March 20, 2007; and
3. Adopt the One-year Action Plan as outlined in the attached resolution for CDBG, HOME, ADDI, ESG, and HOPWA funds

DOCUMENT TYPE: Resolution

BUDGET IMPACT: Grants funds from the U.S. Department of Housing and Urban Development for 2007-08.

DISCUSSION:

Issue Origin: Salt Lake City is a direct entitlement community that receives Community Development Block Grant funds (CDBG), HOME Investment Partnerships funds (HOME), American Dream Downpayment Initiative funds (ADDI), Emergency Shelter Grant funds (ESG), and Housing Opportunities for Persons with AIDS funds (HOWPA) from the U.S. Department of Housing and Urban Development (HUD).

Analysis: Each year in January, the City usually receives allocation amounts for all grants from HUD. However, this year the federal government has not adopted a final budget for fiscal year 2007. Congress has approved a continuing resolution that maintains funding at the fiscal year

2006 level or the House of Representatives-passed budget for fiscal year 2007, whichever is lower, that expires on February 15, 2007. The new Appropriations Committee chairmen, Senator Robert Byrd (D-WV) and Representative David Obey (D-WI) have decided that they will operate under fiscal year 2006 budget numbers and will adopt a permanent continuing resolution for fiscal year 2007 rather than try to adopt a new budget. HUD will not send the City allocation amounts until the permanent continuing resolution is adopted for fiscal year 2007. After the resolution is adopted, it will take HUD several weeks to send the allocation amounts.

Due to the unusual circumstances surrounding the federal budget process, the accompanying draft resolution is being submitted without the appropriate dollar amounts included for the fiscal year 2007. As soon as the City receives the allocation amounts, a new resolution will be prepared and submitted to the City Council for review and consideration. The City Attorney's Office has reviewed the attached draft resolution and, once final funding information has been received, will review and approve the final resolution before it is transmitted for Council review. A copy of the One-year Action plan for all grants will also be attached to the resolution after the City Council has made final funding decisions.

The draft resolution does include the dollar amounts for funds that have been recaptured and are available for reallocation. Those amounts are as follows:

- CDBG – \$518,468
- HOME – \$361,596
- HOPWA – \$31,632.29

The Community Development Capital Improvement Board and the Housing Trust Fund Board are reviewing funding applications and will be making funding recommendations. The Boards will be using an estimated amount of funding for each grant. The Housing and Neighborhood Development Staff has talked to staff from the Denver Regional Office of HUD and with legislative staff of the National Association of Housing and Redevelopment Officers to determine those estimated amounts. Each of the Boards will also include recommendations on projects that should receive more or less funding if the final allocation amounts are different than our estimates. The staff has estimated a 5% cut for CDBG, a 3% cut for the HOME program, and no change for the other four grants. The advisory boards' recommendations will then be forwarded to the Mayor for his review and consideration.

Recommendation:

The Administration is recommending that the City Council set March 13, 2007, as the date the Mayor will present his funding recommendations to the City Council and March 20, 2007, as the public hearing date. A copy of the Mayor's funding recommendations, as well as the appropriate board's recommendation, will be provided at the time of the Mayor's presentation.

PUBLIC PROCESS:

The Council will hold a Public Hearing on March 20, 2007, to hear from the public and applicants regarding recommendations for funding. The Council will then meet at a future meeting to adopt the resolution with the Council's final funding decisions. This schedule will help meet our federal deadlines of May 15, 2007.

An Open House was held on January 29, 2007, allowing the public an opportunity to review and give input on the projects the City may fund with the federal dollars.

RELEVANT ORDINANCES:

None

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Attachment A – Draft Resolution Adopting One-Year Action Plan for Federal HUD Funds

**Attachment A
Resolution
adopting Annual
Action Plan**

RESOLUTION NO. __ OF 2007

APPROPRIATION RESOLUTION ADOPTING THE ONE-YEAR ACTION PLAN FOR
33rd YEAR COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING,
HOME INVESTMENT PARTNERSHIPS PROGRAM FUNDING,
AMERICAN DREAM DOWNPAYMENT INITIATIVE FUNDING,
EMERGENCY SHELTER GRANT FUNDING, AND
HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS FUNDING
(FISCAL YEAR 2007-08)
AND APPROVING INTERLOCAL COOPERATION AGREEMENT
BETWEEN SALT LAKE CITY AND
THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, Salt Lake City (City) is entitled under 24 Code of Federal Regulations (CFR), Part 91, et al., to receive Community Development Block Grant (CDBG) funds in the amount of \$4,211,888, HOME Investment Partnerships Program (HOME) funds in the amount of \$1,279,714, American Dream Downpayment Initiative (ADDI) funds in the amount of \$27,341, Emergency Shelter Grant (ESG) funds in the amount of \$181,476, and Housing Opportunities for Persons with AIDS (HOPWA) funds in the amount of \$346,000 from the U.S. Department of Housing and Urban Development (HUD) for program year 2007-08; and

WHEREAS, the City will also reprogram these funds: \$518,468 recaptured from prior year CDBG allocations; \$361,596 from prior year HOME allocations; and \$31,632.29 from prior year HOPWA allocations; and

WHEREAS, it is in the best interests of the people of Salt Lake City that the City file an application with HUD for said funds in accordance with 24 CFR Part 91; and

WHEREAS, the public notices, hearings, and other pre-submission requirements as set forth in 24 CFR Part 91 have been accomplished by the City, including but not limited to the following: A public hearing held March 20, 2007 to consider a proposed list of CDBG, HOME, ADDI, ESG and HOPWA projects to be funded and to obtain the views of citizens regarding the City's One-year Action Plan; and

WHEREAS, the City Council does now meet this _____, 2007 to adopt the City's 2007 One-year Action Plan for CDBG, HOME, ADDI, ESG, and HOPWA funds;

NOW, THEREFORE, be it resolved by the City Council of Salt Lake City, Utah, as follows:

1. That the City hereby adopts its One-Year Action Plan for CDBG, HOME, ADDI, ESG, and HOPWA funds as set forth in Exhibit "A" attached hereto and made a part hereof by this reference.

2. That the Mayor, as the official representative of the City, is hereby authorized to submit the City's One-Year Action Plan for CDBG, HOME, ADDI, ESG, and HOPWA funds together with such additional information and certifications as may be required under 24 CFR Part 91 to the U.S. Department of Housing and Urban Development.

3. That the Mayor, as the official representative of Salt Lake City, or his designee, is hereby authorized to sign and execute the HUD Grant Agreement and any and all subsequent agreements between the City and other public entities resulting from and consistent with the HUD Grant Agreement, subject to final approval as to form by the City Attorney.

Passed by the City Council of Salt Lake City, Utah, this _____, 2007.

SALT LAKE CITY COUNCIL

By _____
CHAIR

ATTEST:

CHIEF DEPUTY CITY RECORDER

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 11 March 13, 2007
By [Signature]

EXHIBIT "A"

Funding Recommendations for 2007-08. Exhibit "A" attached hereto, shall include the Funding Recommendations for the CDBG Program, the Funding Recommendations for the HOME Program, the Funding Recommendations for the ADDI Program, the Funding Recommendations for the HOPWA Program, and the Funding Recommendations for the ESG Program, (collectively referred to as the "One-Year Action Plan"). The One-Year Action Plan was presented to the City Council on March 13, 2007 when the Mayor made his funding recommendations and adopted by the City Council on _____, 2007.