

**CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA**



<b>Agenda Date:</b>	September 16, 2019
<b>Action Required:</b>	Public Hearing and Approval
<b>Staff Contacts:</b>	Erin Atak, Grants Coordinator, Neighborhood Development Services
<b>Presenter:</b>	Erin Atak, Grants Coordinator, Neighborhood Development Services
<b>Title:</b>	Review of Program Performance and Setting Priorities for Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) funds for Program Year 20-21 (Public Hearing)

**Background:**

This public hearing is intended to serve as a forum for public comment on the Program Year (PY) 18 (July 1, 2018 through June 30, 2019) Consolidated Annual Performance and Evaluation Report (CAPER) and to aid City Council and staff in gathering information about the City's needs. Goals and priorities determined as a result of this public hearing will be the framework for funding recommendations made by the CDBG Task Force for funding available after July 2020. Based on current projections, the City can expect CDBG funding amounts similar to funds received in PY 19 or about \$393,000. The City can expect HOME funding to be similar or less than that received in FY 19 which is about \$73,000 per locality, or \$588,830 total for the HOME consortium.

**Discussion**

**FY 18-19 PROGRAM PERFORMANCE HIGHLIGHTS**

In FY 18, CDBG projects benefited 172 people. Projects included technical assistance for microenterprises and entrepreneurs, re-entry services, childcare scholarships, enhanced access to quality childcare, and workforce development programs. For economic development projects, it is important to note that businesses will have successes and growth far after FY 18. Some infrastructure improvements have been completed within the Belmont neighborhood; however, project outcomes cannot be reported until the project activities are fully complete. Of the 172 beneficiaries, 91% were extremely low-income, 9% were low-income, 0.6% were moderate income, and 69% were minorities. The table below outlines the activities, goals, and outcomes for FY 18.

<b>CDBG Activities – Program Year 2018</b>		<b>Goal</b>	<b>Actual</b>
Support Programs that Aid in Increasing Self Sufficiency	Persons Assisted	47	42
Support Homeless and Transition to Independence	Persons Assisted	28	106
Foster Small & Local Business Development	Business Assisted	20	22
Enhance & Improve Access to Neighborhood Amenities	Persons Assisted	1000	0
Preserve Existing Supply of Affordable Housing	Households	20	2 CDBG
Expand the Affordable Housing Supply	Households	7 RENTAL 12 DPA	2 RENTAL 2 DPA

For the Program Year 2018 (July 1, 2018 through June 30, 2019), the City completed 2 down-payment assistance projects under the HOME program, compared to a goal of 8. Region-wide, HOME Consortium projects also included two new rental units, and twelve (12) homeowner rehabilitation projects, for an overall regional total of 16 units. Of the 16 beneficiaries, 37.5% were extremely low-income (0 to 30%) and 62.5% were low-income (less than 80% AMI). 56% of HOME beneficiaries were minorities.

The table below outlines the activities, goals, and outcomes for the Program Year 18 HOME program.

<b>HOME Consortium Activities - Program Year 2018</b>		
<b>Project Type</b>	<b>Goal</b>	<b>Actual</b>
First-Time Homebuyer Assistance	13	2
Homeowner Rehab for Substandard Houses	15	12
Development of Rental Units	3	2
<b>TOTAL</b>	<b>32</b>	<b>16</b>

Through CDBG, HOME, and local housing programs, much has been done over the last fiscal year to maintain and grow affordable housing across in the City and across the HOME Consortium. The full FY 18 CAPER Draft Report can be found on the City’s website by clicking [here](#).

## **SETTING PRIORITIES FOR FY 20-21**

**Current Year's Plan:** The priorities set by Council for FY 19, as determined at the September 17, 2018 public hearing, were workforce development, microenterprise assistance, access to quality childcare, down payment assistance, and homeowner rehab. For FY 19, 20% of the CDBG entitlement was allocated to Administration and Planning, which pays for the Grants Coordinator position and other grant support fees, and 15% of the balance was devoted to public service activities. The remaining funds were set-aside for economic development projects and for the Belmont Priority Neighborhood. The current fiscal year’s adopted budget is attached to show how funding has been allocated to the different funding categories.

Following the public hearing, staff is asking Council to make the following decisions:

- 1. Set priorities for CDBG & HOME Programs** – Council is asked to determine what the priorities are for FY 20-21 CDBG and HOME Programs. Having specific priorities helps the CDBG Task Force ensure that the diminishing funds are targeted towards projects that meet the goals of Council, the Consolidated Plan and the Growing Opportunities Report. The high priority needs identified in the Consolidated Plan include: risk of homelessness, lack of jobs that pay a sufficient wage, rental cost-burden, lack of training needed by employers, high cost home purchase, transportation access barriers, housing options for special needs, lack of childcare options, and lack of shelter for homeless. An emphasis on workforce development, access to quality childcare, microenterprise assistance, homeowner rehab and down payment assistance helps to meet these goals and needs and are consistent with Council goals, the Consolidated Plan, and the Growing Opportunities Report.
- 2. Confirm Priority Neighborhood** - Last year, Council designated Belmont as the Priority Neighborhood for FY 18-19 and approved Ridge Street and Belmont as the Priority Neighborhood for the upcoming 3-year cycle with funds being targeted in income eligible service areas. Ridge Street and Belmont are located within the Strategic Investment Area (SIA). Historically, Priority Neighborhoods receive three fiscal years of funding. In the past, priority neighborhood funds were set at \$200,000, however, reduced entitlement amounts would make this amount more than 50% of the anticipated budget. Last year, the Priority Neighborhood budget was set at 51% of the total entitlement amount or about \$204,263.49. As a result of program income received and reprogramming of funds from closed projects, about \$1,200.00 was applied to the Priority Neighborhood this fiscal year.

Council normally names only one Priority Neighborhood at a time. In order to ensure plenty of time for citizen engagement and coordination with the various City committees, staff will need to confirm if Council would like to move forward with the previously designated Priority Neighborhood, choose to not designate a Priority Neighborhood, or change the Priority Neighborhood.

Each year the total grant funding has decreased, though the Priority neighborhood allocation has remained the same. Council has allocated \$200,000 towards the Priority Neighborhood since the 1990's and it has now become more than 50% of the grant allocation. It is requested that this amount be lowered to \$150,000. This will allow for the overall allocation to be spent down in a manner that meets HUD Timeliness requirements. Belmont and Ridge Street are also the next Priority Neighborhoods in rotation, as approved previously by City Council. Per the council discussions held last year on September 17, 2018; last year's funds were allocated to fund the Belmont Priority Neighborhood's Franklin Street Sidewalk. The 2019-20 year's funds are allocated towards Ridge Street.

- 3. Determine if CDBG funds should be set aside for Economic Development** – Last year, Council set aside 11% of the entitlement amount for Economic Development activities or about \$45,000; however, only \$12,500 in eligible projects were funded. These funds are used to help qualified entrepreneurs start businesses as well as help existing businesses improve their capacity and increase profit.

4. **Determine the percentage for Public Service Projects** – The maximum amount of the budget that can be allocated towards Public Service Programs is 15% as determined by the Department of Housing and Urban Development (HUD). Council can decide to keep the allocation at 15% or designate a lower percentage. The current budget for Public Service projects is about \$58,972.
5. **Administration and Planning** – This amount is capped by HUD at 20% of the total CDBG budget. The current budget for admin and planning is just over \$78,630.
6. **Additional Guidelines** - Any other guidelines or directions Council may wish to give in determining how CDBG and HOME funds should be spent.

### **Community Engagement:**

The CDBG Task Force will meet over the winter to review Housing and Public Service projects and make recommendations for funding to Council in spring 2020. The City's Strategic Action Team will review Economic Development applications. A Belmont Task Force was formed and made recommendations that could use all funding available. Funding is allocated for the Ridge Street Committee to gather and provide recommendations. Notice of the public hearing for the initial recommendations and notice of a public comment period for the CAPER was advertised in the newspaper. The public comment period for the CAPER is open from August 30 to September 13<sup>th</sup>.

### **Alignment with City Council's Vision and Strategic Plan**

This agenda item aligns directly with Council's vision for Charlottesville to have **Economic Sustainability, Quality Housing Opportunities for All, and A Connected Community**. Projects also have the potential to many all of the objectives and goals listed in the City's Strategic Plan: An Inclusive Community of Self-sufficient Residents, A Beautiful and Sustainable Natural and Built Environment, A Strong, Creative and Diversified Economy, and a Healthy and Safe Community.

### **Budgetary Impact:**

HOME funds will require a 25% local match. In previous years, this match came from the Charlottesville Affordable Housing Fund. There is no impact to the general fund regarding CDBG funds.

### **Recommendations:**

Staff Recommends:

- Council move forward with priorities similar to the priorities outlined last year.
- Approving the 15% maximum allocation allowed for Public Service Projects and approving the 20% maximum allocation allowed for Admin and Planning.
- Public Service funds remain citywide, but that non-profit partners are made aware of the Strategic Investment Area and encouraged to recruit beneficiaries from that area.
- \$45,000 be set aside for Economic Development Activities.

- The remaining estimated CDBG budget, \$150,000, goes towards Priority Neighborhood funding.
- Belmont-and Ridge Street are the next Priority Neighborhood in the rotation, as approved previously by City Council. Per the discussion that were had when last year's allocations went to Belmont to fund the Franklin St Project. This year's funds are to be allocated to Ridge St.
- Any Public Service, Housing or Economic Development activity must meet the goals and recommendations of the Growing Opportunities report in addition to the Consolidated Plan.
- For HOME funds, if there is any program income or reprogramming available, those funds go towards housing activities to support down payment assistance and homeowner rehab.

### **Alternatives:**

Alternatives include funding the Priority Neighborhood, Economic Development, Public Service, and Housing programs at different percentages or restricting beneficiaries to specific areas of the City. Specifically, Council could choose to fund the Priority Neighborhood at an amount different than the recommended \$150,000.

### **Attachments:**

Proposed Budget

Resolution

Current Budget

Eligible CDBG and HOME Activities – click [here](#) to view list

CDBG Priority Neighborhoods Map – click [here](#) to view map

**Proposed FY 20-21 CDBG & HOME Budget**

	FY 19-20 Funding	FY 20-21 Funding
Priority Neighborhood	\$244,950.82	\$150,000 (or remaining EN available)
Economic Development	\$12,500	\$45,000
Public Service	15% EN	15% EN
Admin	20% EN	20% EN
Housing	\$0	\$0
CDBG Entitlement (EN)	\$393,152	\$393,000
HOME Entitlement (plus match)	\$120,382.75	\$120,300
Program Income and Reprogramming	\$1,900.82	\$20,000

Note: As proposed, if CDBG funds are decreased, Priority Neighborhood funding would be decreased. Also, there is no way to predict how much program income will be received during the fiscal year; \$20,000 is a conservative estimate based on prior years.

**A RESOLUTION  
COUNCIL PRIORITIES  
FOR CDBG and HOME FUNDS  
FY 20-21**

**WHEREAS**, the City of Charlottesville is a U.S. Department of Housing and Urban Development (HUD) Entitlement Community for the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs and as such expects to receive an award of funding July 1, 2020; and

**WHEREAS**, in accordance with the City of Charlottesville's Citizen Participation Plan for HUD funding, the CDBG Task Force composed of citizen and community representatives will need to review potential projects and make recommendations for funding in Spring 2020;

**BE IT RESOLVED** by the Council of the City of Charlottesville, Virginia that the priorities and spending allowances for FY 2020-2021 shall be as follows:

- Council's priorities for the CDBG and HOME program for FY 20-21 shall be access to affordable housing, workforce development, microenterprise assistance, access to quality childcare, homeowner rehabilitation, and down payment assistance.
- For FY 20-21, \$45,000 CDBG entitlement shall be set aside for Economic Development
- For FY 20-21, the Priority Neighborhood shall be Ridge Street and the allocation shall be \$150,000 of the total CDBG entitlement. If the CDBG entitlement received is less than the estimate amount of \$150,000 this amount will be decreased accordingly. The next Priority Neighborhood shall be Ridge Street.
- The CDBG Admin and Planning budget shall be set at 20% of the total CDBG entitlement.
- The Public Services budget shall be set at 15% of the total CDBG entitlement.

**2019-2020 CDBG and HOME BUDGET ALLOCATIONS**  
**RECOMMENDED BY CDBG/HOME TASK FORCE and SAT: 1/16/19, 2/7/17**  
**RECOMMENDED BY PLANNING COMMISSION: 3/12/2019**  
**APPROVED BY CITY COUNCIL: 6/3/2019**

<b>I. PRIORITY NEIGHBORHOOD</b>		
A. Belmont		<b>\$244,950.82</b>
<b>II. ECONOMIC DEVELOPMENT PROJECTS</b>		
A. Community Investment Collaborative - Scholarships		\$12,500
	<b>ECONOMIC DEVELOPMENT TOTAL:</b>	<b>\$12,500</b>
<b>III. PUBLIC SERVICE PROJECTS</b>		
A. Literacy Volunteers – Basic Literacy Instruction		\$9,237
B. OED GO Utilities		\$20,498
C. TJACH – Coordinated Entry System		\$29,237
	<b>SOCIAL PROGRAMS TOTAL:</b>	<b>\$58,972 (15%</b>
EN)		
<b>IV. ADMINISTRATION AND PLANNING:</b>		
A. Admin and Planning		<b>\$78,630 (20%</b>
EN)		

<b>GRAND TOTAL:</b>	<b>\$395,052.82</b>
<b>ESTIMATED NEW ENTITLEMENT AMOUNT:</b>	<b>\$393,152</b>
<b>ESTIMATED EN AVAILABLE AFTER PI APPLIED:</b>	<b>\$0.00</b>
<b>REPROGRAMMING:</b>	<b>\$1,900.82</b>

\* Funding includes reprogrammed funds

---

**2019-2020 HOME BUDGET ALLOCATIONS**

A. AHIP – Homeowner Rehab		\$73,603*
	<b>TOTAL:</b>	<b>\$120,382.75</b>
	<b>ENTITLEMENT AMOUNT:</b>	<b>\$73,603</b>
	<b>ESTIMATED EN AVAILABLE AFTER PI APPLIED:</b>	<b>\$28,379</b>
	<b>REPROGRAMMING:</b>	<b>\$0.00</b>
	<b>LOCAL MATCH:</b>	<b>\$18,400.75</b>

\* Includes estimated EN available after program income applied