

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 11

DATE: July 7, 2009

STAFF: Ken Waido

SUBJECT

Second Reading of Ordinance No. 067, 2009, Appropriating Unanticipated Revenue in the Community Development Block Grant Fund.

RECOMMENDATION

Staff recommends adoption of this Ordinance on Second Reading.

EXECUTIVE SUMMARY

The American Recovery and Reinvestment Act of 2009 appropriated \$1 billion in Community Development Block Grant (CDBG) funds to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG Program. The City has received an allocation of \$271,137 of FY 2008 CDBG funds through the CDBG Recovery Program from the U.S. Department of Housing and Urban Development (HUD). Ordinance No. 067, 2009, unanimously adopted on First Reading on June 2, 2009, appropriates those funds.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - June 2, 2009.
(w/o original attachments)

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 20 A-B

DATE: June 2, 2009

STAFF: Ken Waido

COPY

SUBJECT

Items Relating to the Community Development Block Grant Recovery (CDBG-R) Program Authorized by the American Recovery and Reinvestment Act of 2009.

RECOMMENDATION

Staff recommends adoption of the Resolution and the Ordinance on First Reading.

The CDBG Commission presents a list of recommendations as to which programs and projects should receive CDBG-R funding.

FINANCIAL IMPACT

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The Community Development Block Grant Recovery (CDBG-R) Program, authorized by the American Recovery and Reinvestment Act of 2009, provides Federal funds from the Department of Housing and Urban Development (HUD) to the City of Fort Collins which can be allocated to affordable housing and community development related programs and projects, thereby, reducing the demand on the City's General Fund Budget to address such needs.

EXECUTIVE SUMMARY

- A. Resolution 2009-060 Approving the Programs and Projects that Will Receive Funds from the Community Development Block Grant Recovery (CDBG-R) Program.
- B. First Reading of Ordinance No. 067, 2009, Appropriating Unanticipated Revenue in the Community Development Block Grant Fund.

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The American Recovery and Reinvestment Act of 2009 is an economic stimulus package enacted by the United States Congress and signed into law by President Obama on February 17, 2009. The Act is intended to provide a stimulus to the U.S. economy in the wake of the economic downturn and includes federal tax relief, expansion of unemployment benefits and other social welfare provisions, and domestic spending in education, health care, and infrastructure, including the energy sector. The Act appropriated \$1 billion in Community Development Block Grant (CDBG) funds to states and local governments to carry out, on an expedited basis, eligible activities under the CDBG Program. The new CDBG funds are in a program officially called the CDBG Recovery (CDBG-R) Program

and are additional/supplemental funds for the City's FY 2008 CDBG Program, which started on October 1, 2008. Resolution 2009-050 establishes which programs and projects will receive funding through the additional allocation of \$271,137 of FY 2008 CDBG funds through the CDBG-R Program from the U.S. Department of Housing and Urban Development (HUD). The City's amendment to its FY 2008 CDBG Program is due to HUD by Friday June 5, 2009.

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BACKGROUND

HUD regulations require separate accounting and approvals for CDBG-R funding. The timing of the passage of the American Recovery and Reinvestment Act of 2009 was such that the City was already engaged in soliciting proposals for the spring cycle of the competitive process to make funding allocations to affordable housing and other community development projects from the City's FY 2009 CDBG Entitlement Grant. Rather than initiate a new, completely separate process for the CDBG-R funds, staff asked all the applicants that had submitted proposals for funding as part of the spring cycle if they also wanted their application to be considered for CDBG-R funding. Staff knew CDBG-R funding would require projects to be "shovel ready," meaning they could start immediately and not need to wait until the start of the normal FY 2009 CDBG Program year on October 1, 2009. Eight applicants indicated their proposals could meet the requirements to be considered for CDBG-R funding.

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Some brief points about CDBG-R Program are:

- Requires an amendment to the City's FY 2008 CDBG Program describing the use of CDBG-R funds; the amendment is due to HUD by June 5, 2009.
- CDBG-R funds have clear purposes - to stimulate the economy by modernizing infrastructure, improve energy efficiency, and expand educational opportunities and access to health care.
- HUD "strongly" urges CDBG-R funds to be used for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings.
- The period to solicit citizen comments on the proposed use of CDBG-R funds is 7 days long (instead of the normal 30 days for regular CDBG funds).
- Recipients of CDBG-R funds must execute their contracts with the City within 120 days.
- CDBG-R funds must be tracked separately and require quarterly reports.
- Only 15% of CDBG-R funds can be used for Public Services (same limitation as for normal CDBG funds).
- Only 10% of CDBG-R funds can be used for Administration and Planning (a reduction from the 20% limitation for normal CDBG funds).
- All CDBG-R funds must be spent by September 30, 2012.

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The following table summarizes the amount of available CDBG-R funds to the City and any HUD limitations on the use of CDBG-R funds.

AMOUNT	USE
\$271,137	Total CDBG-R Funds
\$ 27,114	10% Maximum for Planning and Administration
\$ 40,671	15% Maximum for Public Services

The CDBG Commission interviewed all applicants for CDBG-R funds as part of its normal spring cycle interview process for the FY=2009 CDBG Program. Each applicant also seeking CDBG-R funds was individually identified to the Commission during the interview process. The Commission met on May 14, 2009, to prepare its funding recommendations to the City Council and presents a list of recommendations as to which programs and projects should receive CDBG-R funding. The table below presents the following information: a listing of applicants requesting CDBG-R funding, the amount of requested funding, the Commission's recommendations for the allocation of CDBG-R funds, and the Commission's recommendations for funding from other funds to be distributed during the spring cycle of the competitive process. Council is scheduled to make the final decision on funding allocations from the other funds for spring cycle of the competitive process at its July 7, 2009, regular meeting, including funding from: FY 2009 CDBG Entitlement Grant (\$1,017,568) and Program Income (\$52,653), FY 2008 HOME Program (\$98,429), 2008 City Affordable Housing Fund (\$98,993), and 2009 City Human Services Program (\$440,334).

**CDBG Commission's Recommendations for
Funding Using CDBG-R Funds Authorized by the
American Recovery and Reinvestment Act of 2009**

Applicant Project/Program	Funding Request	Commission's Recommendation For CDBG-R Funds	Commission's Recommendation For Other Funds*	Unfunded Balance
HOUSING				
HO-4 FCHC Village on Stanford Rehabilitation	\$450,000	\$230,466	\$219,534	\$0
HO-5 Neighbor to Neighbor: Coachlight Plaza Apartments	\$185,635	\$0	\$185,635	\$0
PUBLIC SERVICES				
PS-2 Boys & Girls Club: After-School and School Break Child Care and Youth Activities	\$18,309	\$0	\$18,309	\$0
PS-5 Center for Family Outreach: Volunteer Program for the Parenting Center	\$15,000	\$0	\$0	\$15,000

Applicant Project/Program	Funding Request	Commission's Recommendation For CDBG-R Funds	Commission's Recommendation For Other Funds*	Unfunded Balance
PS-6 Consumer Credit Counseling Services: Financial Counseling	\$13,000	\$0	\$0	\$13,000
PS-7 Crossroads Safehouse: Advocacy Program	\$90,000	\$0	\$51,542	\$47,674
PS-14 Homeless Prevention Initiative: Emergency Rent Assistance	\$45,000	\$40,671	\$0	\$4,329
PS-15 Live the Victory: Matthews House	\$29,120	\$0	\$0	\$29,120

* Council will consider the CDBG Commission's funding recommendations from this column at its July 7, 2009 regular meeting.

The funding recommendation in the Affordable Housing category is in the form of a "Due on Sale Loan + 5% Simple Interest." The funding recommendation in the Public Services category is a grant.

The justifications for the Commission's recommendations are included in Attachment 5.

A summary of the Commission's recommendations by category for the use of CDBG-R funding is presented in the following table:

Recommended Funding	% of Total	Category
\$230,466	85.0%	Affordable Housing
\$ 40,671	15.0%	Public Services
\$271,137	100.0%	Total

The CDBG Commission has recommended that all of the available CDBG-R Program funds be allocated with 85% of the available funding going to affordable housing and 15%, the maximum permitted by HUD regulations, for Public Services. Staff did not request any CDBG-R funds for administrative purposes, as funding from the FY 2008 CDBG Entitlement Grant and Program Income and the FY 2009 CDBG Entitlement Grant and Program Income will cover expected administration costs.

As indicated, the Council is being asked to make funding allocations using CDBG-R funds on June 2, 2009. Council will consider making funding decisions utilizing other available spring cycle funds on July 7, 2009. The following reasons explain why the Council needs to conduct two meetings to finalize funding allocations from the spring cycle of the competitive process:

- HUD did not release the rules and regulations for the CDBG-R Program until May 7, 2009.
- HUD did not inform the City of the amounts of its FY 2009 CDBG Entitlement Grant and FY 2009 HOME Program funding until May 8, 2009.
- The CDG Commission was unable to meet to formulate its funding recommendations to the Council until Thursday May 14, 2009.
- HUD CDBG-R Program rules require a 7 day public comment period. The June 2nd Council meeting is the first available regular Council meeting after the 7-day public comment period closes.
- HUD regulations require separate accounting and approvals for CDBG-R funding.
- The City CDBG-R Program amendment to its FY 2008 CDBG Program is due to HUD by Friday June 5, 2009.
- HUD CDBG Program rules require a 30 day public comment period, the July 7th Council meeting is the first available regular Council meeting after the 30-day public comment period closes.

ATTACHMENTS

1. Background and Summary of the CDBG Commission's Recommendations for Funding
2. Background Information on the Competitive Process
3. Affordable Housing Board's List of Priority Projects
4. CDBG Commission's Comments on the Proposals
5. Focus Questions for CDBG Commission
6. Formulation of Funding Recommendations Session

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ORDINANCE NO. 067, 2009
OF THE COUNCIL OF THE CITY OF FORT COLLINS
APPROPRIATING UNANTICIPATED REVENUE IN THE
COMMUNITY DEVELOPMENT BLOCK GRANT FUND

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the "Act") is an economic stimulus package enacted by the United States Congress and signed into law on February 17, 2009 by President Obama; and

WHEREAS, the Act appropriated \$1 billion to the Development of Housing and Urban Development in Community Development Block Grant ("CDBG") funds for states and local governments to stimulate the economy by carrying out, on an expedited basis, eligible activities under the Community Development Block Grant Recovery ("CDBG-R") Program; and

WHEREAS, the supplemental CDBG-R Program funds awarded to the City total \$271,137 (the "Grant Funds") and are to be allocated to modernize infrastructure, improve energy efficiency, and expand educational opportunities and access to healthcare; and

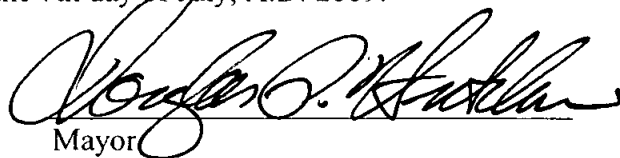
WHEREAS, Resolution 2009-050, adopted on June 2, 2009, establishes the programs and projects to be funded with the Grant Funds; and

WHEREAS, Article V, Section 9, of the City Charter permits the City Council to make supplemental appropriations by ordinance at any time during the fiscal year, provided that the total amount of such supplemental appropriations, in combination with all previous appropriations for that fiscal year, does not exceed the current estimate of actual and anticipated revenues to be received during the fiscal year; and

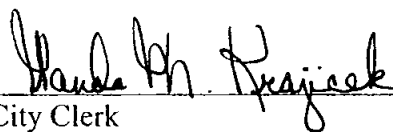
WHEREAS, City staff has determined that the appropriation of the revenue as described herein will not cause the total amount appropriated in the Community Development Block Grant Fund to exceed the current estimate of actual and anticipated revenues for fiscal year 2009.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS that there is hereby appropriated from unanticipated revenue from the Community Development Block Grant Recovery Program funds in the Community Development Block Grant Fund the sum of TWO HUNDRED SEVENTY ONE THOUSAND ONE HUNDRED THIRTY SEVEN DOLLARS (\$271,137) for expenditure in the Community Development Block Grant Fund.

Introduced, considered favorably on first reading, and ordered published this 2nd day of June, A.D. 2009, and to be presented for final passage on the 7th day of July, A.D. 2009.


Mayor

ATTEST:


City Clerk

Passed and adopted on final reading on the 7th day of July, A.D. 2009.

Mayor

ATTEST:

City Clerk