

CITY OF OAKLAND

AGENDA REPORT

2007 01 09 09:03
TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Director of Housing and Community Development
DATE: January 9, 2007

RE: **Report And Resolution Allocating An Estimated Award Of \$8,601,041 Of Community Development Block Grant (CDBG) Funds For FY 2007-08 Between The Categories Of Administration, Economic Development, Housing, HUD 108 Loan Repayment And Neighborhood Programs And Allocating An Additional Estimated Amount of \$2,500,000 In Program Income To A Revolving Loan Fund For Housing Rehabilitation Activities.**

SUMMARY

This report recommends the allocation of CDBG funds, including program income, among program activities as provided for in the process noted here. The following proportional allocation, based on the FY 2006-07 CDBG grant of \$8,601,041, is recommended for FY 2007-2008:

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Administration & Fair Housing	20%	\$1,702,208
Economic Development	18%	\$1,500,243
Housing	29%	\$2,520,350
HUD 108 Loan Repayment	10%	\$ 900,000
Neighborhood Programs	23%	\$1,978,240

In addition to this allocation, \$2,500,000 in program income is anticipated to be generated from repayment of housing rehabilitation loans. Per Council Resolution No. 79191 C.M.S., program income generated from the repayment of housing rehabilitation loans is to be allocated to a revolving loan fund for housing rehabilitation activities.

FISCAL IMPACT

By adopting the allocation of funds as noted, the City Council will determine the proportional allocation of funds for FY 2007-08 and the activities eligible for funding.

These allocations will be utilized in developing the City's CDBG FY 2007-09 Proposed Policy Budget and the FY 2007-08 Annual Action Plan due to HUD by May 15, 2007. The Action Plan is tentatively scheduled for the CED Committee of April 24, 2007.

Additionally, \$2,500,000 is expected in program income generated from repayment of housing rehabilitation loans. Smaller amounts come from servicing fees for loans. This is an estimate of

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what is expected to be collected during the next fiscal year. If the actual amount is lower than estimated, the budgets for housing programs will be reduced accordingly.

BACKGROUND

Each year, the City of Oakland receives federal grant funds under the Community Development Block Grant (CDBG) program and other programs. In May 2005 the City submitted to the U.S. Department of Housing and Urban Development (HUD) a Five Year Consolidated Plan for Housing and Community Development, outlining needs, priorities, strategies and proposed actions. In addition, each year, the City prepares an annual action plan prior to the program year, and an annual performance report at the end of the program year. The City has also adopted a citizen participation plan describing the process for involving low and moderate income persons in the development of these plans.

REQUEST FOR PROPOSAL (RFP) FOR FY 2007-09 FUNDS

The City's Request for Proposals for CDBG funding for FY 2007-09 was available during the week of July 31, 2006. The CDBG Office did a mailing of over 800 applications to individuals and/or organizations from the mailing list that is currently on file. This mailing list includes individuals and/or organizations previously requesting information from the CDBG Office, individuals who are currently serving on CDBG Boards for each District, all providers who are currently receiving CDBG Funding and Councilmembers and aides. The CDBG Application was available on the City of Oakland website for anyone to download and complete. Also, there was an advertisement in the Oakland Tribune announcing the availability of the CDBG Application. This advertisement included all the information on how to obtain an application via the City of Oakland website or to call the CDBG Office and request a copy.

PROPOSED ALLOCATION OF FY 2007-09 FUNDS BY PROGRAM CATEGORY

The Department of Housing and Urban Development (HUD) has not yet notified the City of Oakland of its 2007-08 entitlement amount. However, staff has been advised that Congress plans to approve a year-long Continuing Resolution (CR) when it returns in January. The year-long CR would continue to fund CDBG at the FY 2006 funding level. Staff recommends the proportional allocation as follows with the provision that actual dollar amounts in each category may change if HUD notifies the City of a different allocation for its 2007-08 entitlement.

<u>Program Type</u>	<u>Percentage</u>	<u>Anticipated Allocation</u>
Administration & Fair Housing	20%	\$1,702,208
Economic Development	18%	\$1,500,243
Housing	29%	\$2,520,350
HUD 108 Loan Repayment	10%	\$ 900,000
Neighborhood Programs	23%	\$1,978,240

In addition to this allocation, \$2,500,000 in anticipated program income is to be allocated to a revolving loan fund for housing rehabilitation activities.

The proposed allocations in the above table reflect a reduction in the amount of funding allocated to Economic Development activities. While there is a reduction in the amount of funding allocated to Economic Development activities there is not a reduction in the provision of services in Business Development, Commercial Lending and Commercial Façade Improvements. The reduction in the amount of funding reflects moving staff costs to other funding sources.

The allocations also reflect an allocation for HUD 108 Loan Repayments. These funds will make the FY 2007-08 payments on regular Section 108 loans and payments for the Section 108 loan that were used for the Martin Luther King, Jr. Plaza project.

On January 10, 2006, the City Council was informed that funds that were set aside for Section 108 loan payments would be exhausted after fiscal year 2005-06, and the City would be required to make future payments from its CDBG allocation or face a reduction in its CDBG grant, which would necessitate further program cuts. For the FY 2006-07 payments, staff was able to use accumulated program income that had not yet been budgeted. There has not been another source of funding identified to make the payments; therefore, HUD 108 Loan Repayments are included in the allocation of CDBG funds for FY 07-08.

SUSTAINABLE OPPORTUNITIES

Economic: As noted in this report, a significant portion of CDBG funds are used to promote economic development, employment, public facilities and infrastructure for the benefit of low and moderate income communities.

Environment: Many activities funded by federal housing and community development grants address such issues as removal of blight and abatement of environmental hazards such as lead-based paint and other building conditions. Housing rehabilitation and new construction programs encourage contractors to use green building techniques, including energy-efficient design, use of recycled building materials, and water-conserving fixtures and landscaping.

Social Equity: By definition, these programs are targeted to improving conditions for low and moderate income communities.

DISABILITY AND SENIOR CITIZEN ACCESS

Many of the grants and loans funded by federal housing and community development grant funds are used to provide housing, facilities and services for senior citizens and persons with disabilities. All new housing constructed with federal funds must provide accessibility features for persons with disabilities.

RECOMMENDATION

Staff recommends that the FY 2007-08 CDBG funds be allocated as described in the program description above and \$2,500,000 in anticipated program income be allocated to a revolving loan fund for housing rehabilitation activities. The percentage and funding allocation for each category reflects the same formula for FY 2005-06 CDBG allocations. However, given the reduction in funding and the additional category of HUD 108 Loan Repayment, there are some reductions. HUD requires no more than 20% of CDBG funds spent on Administration & Fair Housing, 15% on Public Service Programs with the remainder of funds allocated to both Housing and Economic Development Activities that serve low to moderate income residents.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council accept this report and approve the attached resolution allocating estimated award of \$8,601,041 among the above listed categories for fiscal year 2007-08 and allocating an additional estimated amount of \$2,500,000 in Program Income to a revolving fund for Housing Rehabilitation Activities.

Respectfully Submitted,



DAN VANDERPRIEM

Director of Redevelopment, Economic Development
and Housing

Reviewed by:

Sean Rogan, Director

Housing and Community Development

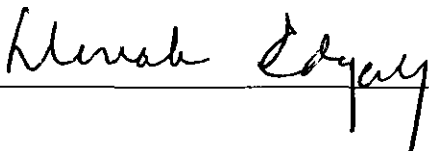
Prepared by:

Michele Byrd, Manager

CDBG Programs

Attachments

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE



OFFICE OF THE CITY CLERK
2008 OCT 28 PM 12:32

APPROVED AS TO FORM AND LEGALITY:


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

INTRODUCED BY COUNCILMEMBER _____

RESOLUTION ALLOCATING AN ESTIMATED AWARD OF \$8,601,041 OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS FOR FY 2007-08 BETWEEN THE CATEGORIES OF ADMINISTRATION, ECONOMIC DEVELOPMENT, HOUSING, HUD 108 LOAN REPAYMENT AND NEIGHBORHOOD PROGRAMS AND ALLOCATING AN ADDITIONAL ESTIMATED AMOUNT OF \$2,500,000 IN PROGRAM INCOME TO A REVOLVING LOAN FUND FOR HOUSING REHABILITATION ACTIVITIES.

WHEREAS, the United States Department of Housing and Urban Development (HUD) will award an estimated \$8,601,041 of Community Development Block Grant (CDBG) funds to the City of Oakland for the 2007-2008 fiscal year; and

WHEREAS, in addition to this award, it is anticipated that \$2,500,000 in program income will be generated from repayment of housing rehabilitation loans; and

WHEREAS, citizens have provided information about the needs that should be addressed by these funds; now, therefore, be it

RESOLVED: That the allocation of funds for FY 2007-08 shall be as follows:

Administration	20%	\$1,702,208
Housing	29%	\$2,520,350
Economic Development	18%	\$1,500,243
HUD 108 Loan Repayment	10%	\$ 900,000
Neighborhood Programs	23%	\$1,978,240

and be it

FURTHER RESOLVED: That the program income will be allocated to a revolving loan fund for housing rehabilitation activities, and be it

FURTHER RESOLVED: That the Community Development District Boards are directed to recommend programs that provide funding in proportion to the low to moderate income population throughout the CD Districts.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2006

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, BROOKS, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT DE LA FUENTE

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council