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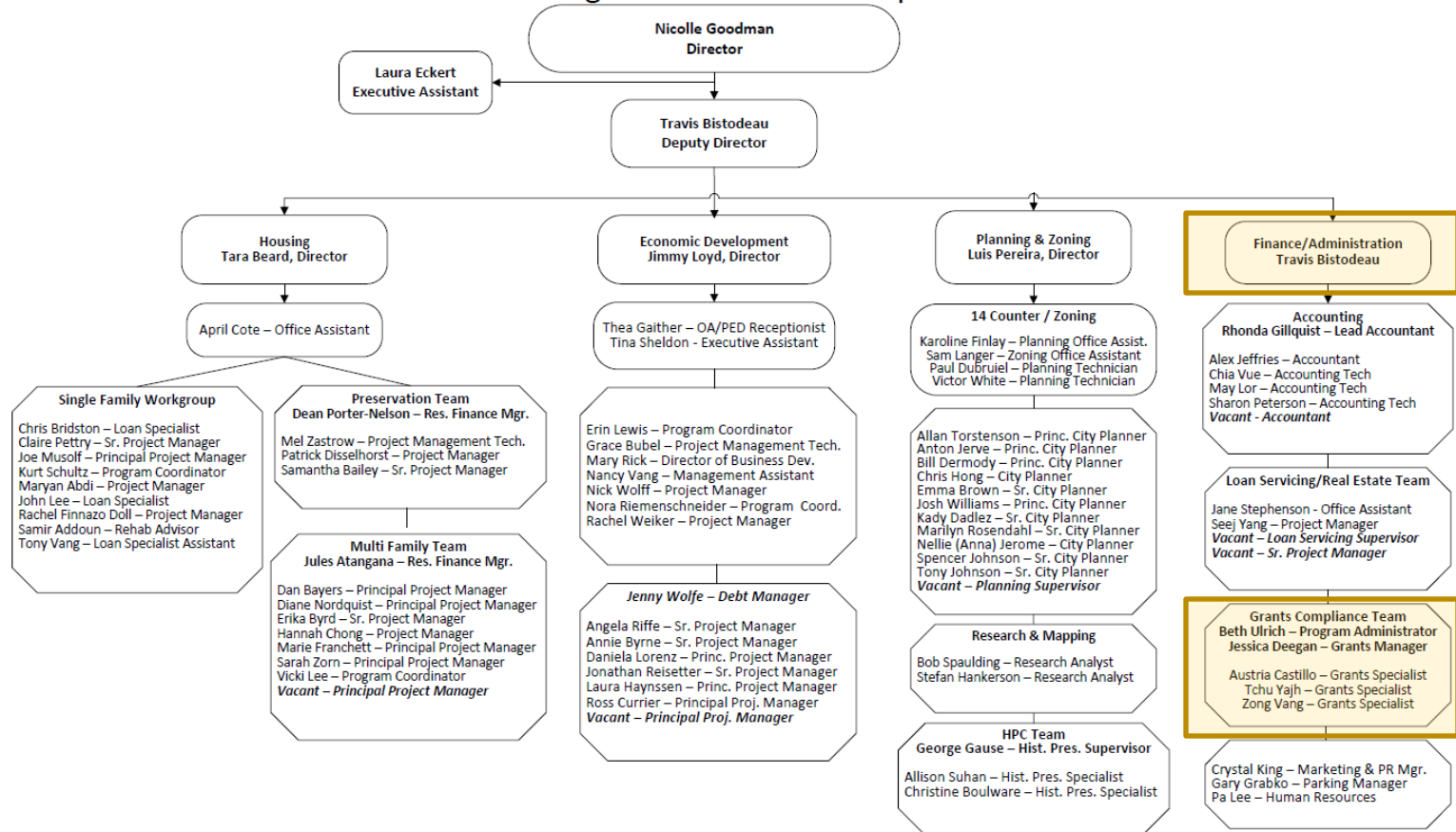
Department of Planning and Economic Development

CDBG Overview

Housing and Redevelopment Authority | Wednesday August 23, 2022



Planning & Economic Development

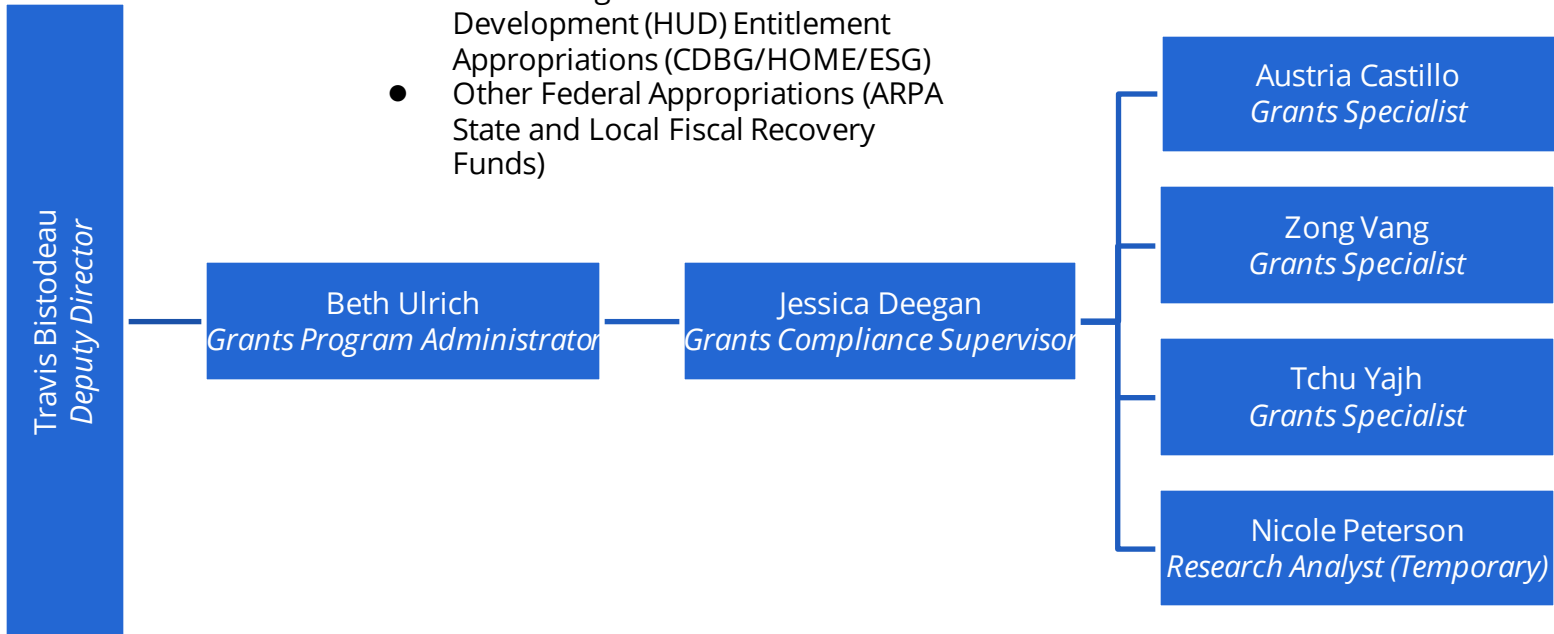




Planning and Economic Development Grants Team

Team manages:

- US Housing and Urban Development (HUD) Entitlement Appropriations (CDBG/HOME/ESG)
- Other Federal Appropriations (ARPA State and Local Fiscal Recovery Funds)

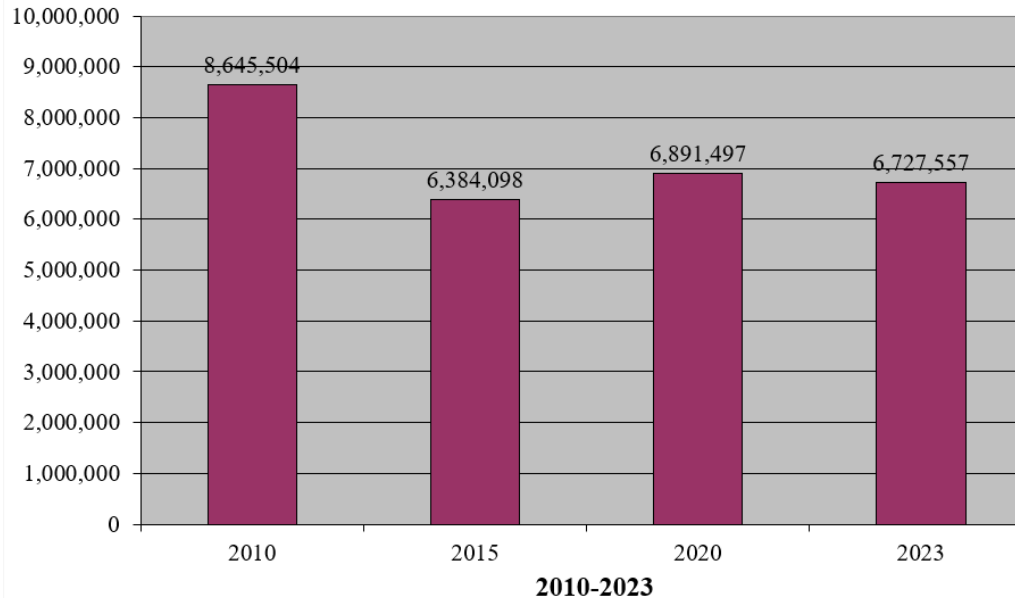




Community Development Block Grant (CDBG)

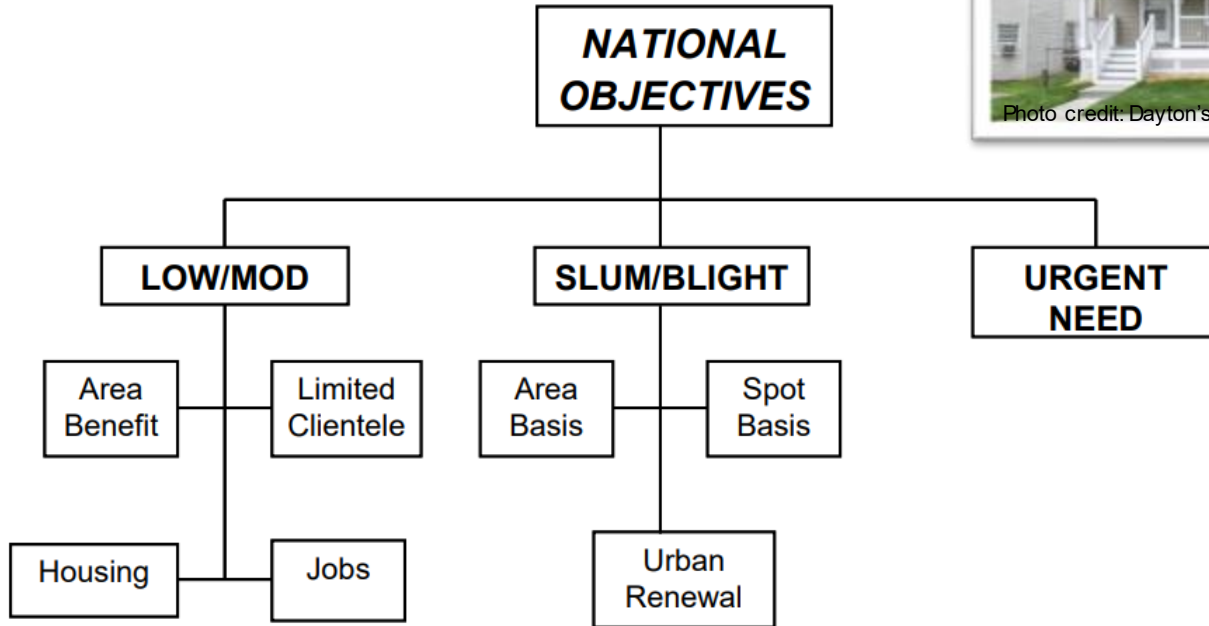
- *Program provides annual grants on a formula basis to states, cities, and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.*

**CDBG PROGRAM FUNDING LEVELS
2010-2023**





National Objectives



Low/Mod Housing
Rivoli New Construction



Photo credit: Dayton's Bluff NHS

Slum/Blight
PSA Annex Demo

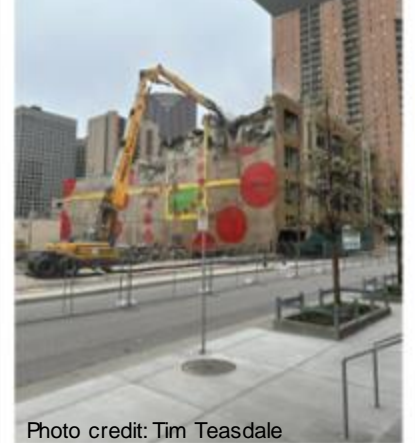


Photo credit: Tim Teasdale



Eligible Outcomes

- **Low/Mod Housing (LMH):** Provide housing for households at or below 80% Area Median Income
- **Low/Mod Job Creation (LMJ):** Create Jobs available to low/mod persons
- **Low/Mod Service Area (LMA):** Provide goods or services to an area comprised of a minimum of 51% low/mod persons
- **Low/Mod Limited Clientele(LMC):** Provide goods or services to a specified group of persons who are comprised of a minimum of 51% low/mod persons



Consolidated Plan Goals

- HUD requires the City to adopt a five-year consolidated plan detailing goals and objectives expected for use of HUD funds. Annual Action Plans and Reporting detail activities and outcomes of the goals. HUD must review and approve all plans and reporting.
- Goals in the City's Consolidated Plan for 2020-2024 include:
 - Development of New Housing
 - Housing Rehabilitation
 - Economic Development
 - Public Services
 - Public Improvements
 - Remediation of Substandard Properties



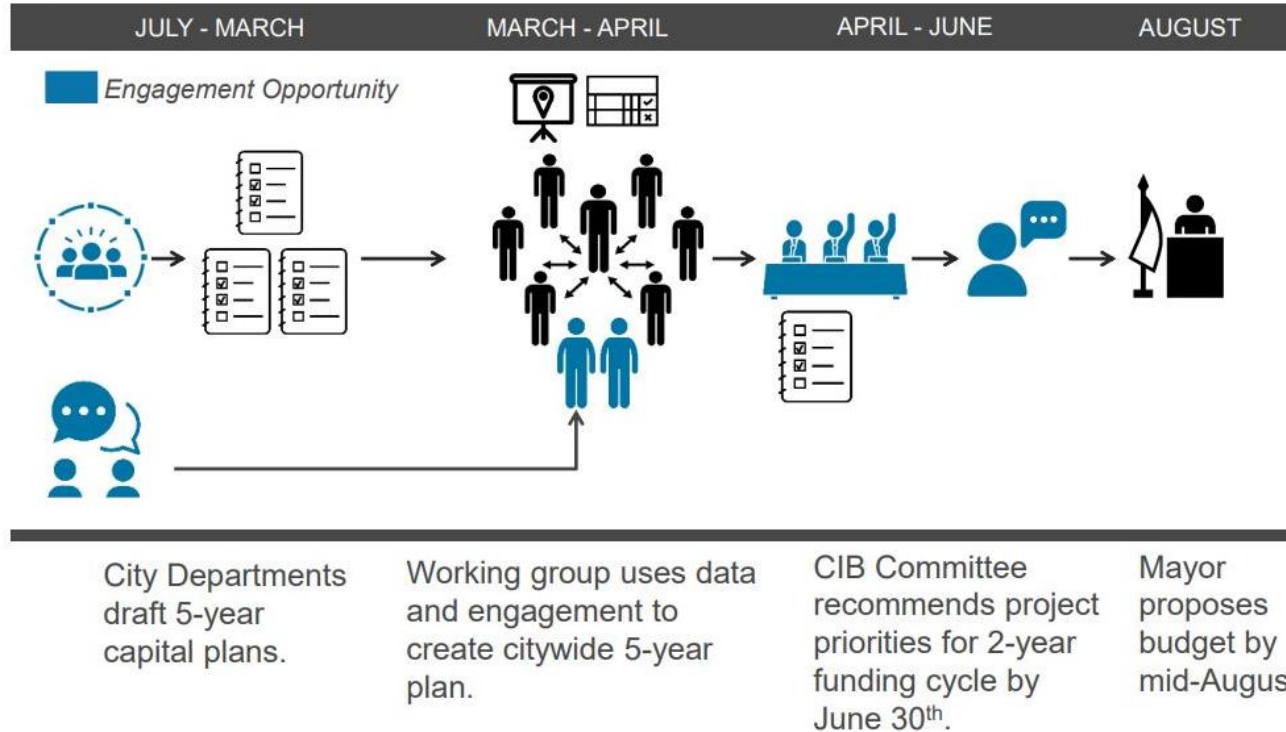
Consolidated Plan – Annual Cycle

- The City's program year for HUD resources is June 1 – May 31





Capital Improvement Plan Year 1:





Recent Economic Development Impact



A




NDC Twin Cities Construction Alliance
Building rehab by community partners to house the Youth Build Program.
Year funded: 2015 & 2017
Amount of funding: \$550,000

B



Mañana Salvadorian Restaurant
Subgrantee Historic Saint Paul led the exterior rehabilitation for a new restaurant location.
Year funded: 2018
Amount of funding: \$99,000

C



Caydence Records & Coffee
ESNDC carried out interior and exterior improvements for a new use of a 1905 building.
Year funded: 2015
Amount of funding: \$50,000

D



Cookie Cart
A vacant grocery store brought up to code is now home to a thriving non-profit youth social enterprise program.
Year funded: 2017
Amount of funding: \$49,900

E



Brunson's Pub
HUD financing via subgrantee ESNDC's Business Investment Program supported exterior work at this popular spot.
Year funded: 2015
Amount of funding: \$50,000

F



Hmong Village
A parking lot expansion was possible through the NENDC's Economic Development Loan Leverage Fund.
Year funded: 2015
Amount of funding: \$200,000

G



Joe and Stan's Pub and Grill
A façade rehab was possible thanks to HUD funding and subgrantee Historic Saint Paul.
Year funded: 2019
Amount of funding: \$50,000

H



A-Side Public House
Historically significant 1885 building was converted to a brewpub and coffee bar, which created 6 new jobs.
Year funded: 2019
Amount of funding: \$200,000



A



Verdant Apartments
82-unit, income-restricted, Passive House building; part of the West Side Flats mixed-income development.
Year funded: 2020
Amount of funding: \$990,000

B



Kings Crossing
49 one-bedroom apartments for very low-income seniors and commercial space on a formerly blighted corner.
Year funded: 2011
Amount of funding: \$400,000

C



University Dale Apartments
Mixed-use development with 98 units of affordable housing built over a community library.
Year funded: 2002
Amount of funding: \$900,000

D



BROWNstone Lofts
A mixed-use development that includes 35 units of workforce housing, retail and green space located on the light rail route.
Year funded: 2016
Amount of funding: \$1,106,000

E



Hamline Station
108 affordable rental units with family housing and workforce housing for those in their first employed position.
Year funded: 2014
Amount of funding: \$1,150,000

F



Selby Milton Victoria Apartments
34 units of senior affordable housing over commercial space in the Rondo neighborhood.
Year funded: 2017
Amount of funding: \$825,000

G



Schmidt Artist Lofts
Award-winning renovation of former brewery into 247 affordable live/work artist lofts and 13 townhomes.
Year funded: 2012
Amount of funding: \$1,500,000

H



Infill housing
In the Little Bohemia neighborhood, public funding supported the rehab of 15 now owner-occupied homes.
Year funded: Ongoing
Amount of funding: Varies



Major CDBG funded projects underway

Project	Type	Funding Balance
American House Rehabilitation	Housing (multifamily)	\$ 282,500
653 Artists' Lofts	Housing (multifamily)	\$ 605,964
Duluth and Case Play Area	Public Facilities	\$ 335,778
Hazel Park Play Area	Public Facilities	\$ 332,350
Fire Station 51	Public Facilities	\$ 1,297,200
Capitol City Youth Employment	Public Services	\$ 371,000
833 University	Housing (multifamily)	\$ 166,800
Life Juices (450 Lexington Parkway)	Economic Development	\$ 65,000
Single Family Homeowner Rehab (combined)	Housing (single family)	\$ 1,750,000
Total		\$ 5,206,592



Critical Timeframes

- Each project/program must achieve National Objective outcomes within 1 year of drawing funds.
- The City must not have more than 1 ½ times its most recent allocation as an unspent balance in its line of credit 60 days prior to end of program year.
- Summer 2022
 - $PY2022 = \$6,687,235 \times 1.5 = \mathbf{\$10,030,852.50}$ in LOC by April 1, 2023
 - **\$14,248,995M in additional spending needed before April deadline**



2023 Spenddown



Recent Funding:

- City received approximately \$6.8M in CDBG Entitlement in PY 2021 and PY2022
- For PY2021 and PY2022, City estimated \$731k and \$912k of receipted Program Income. City actually receipted \$3.35M and \$1.67M respectively
- In December 2020, the City contracted for \$6,061,828 in CDBG-CV funds in addition to annual entitlement funds
- In December 2020, the City also contracted for \$7,992,924 in ESG-CV funds, 14X more than our annual ESG entitlement amount



2023 Spenddown (continued)

- Section IV.B. *Flexibilities, Waivers, and Alternative Requirements of Federal Register Notice FR-6218-N-01, Program Rules, Waivers, and Alternative Requirements Under the CARES Act for Community Development Block Grant Program Coronavirus Response Grants, Fiscal Year 2019 and 2020 Community Development Block Grants, and for Other Formula Programs*, (hereinafter, the “CDBG-CV Notice”), dated August 17, 2020, **effectively suspended timeliness for FY2020 and FY2021 CDBG Entitlement funds.**
- June 2, 2022, City received letter from HUD stating “... *your CDBG-CV grant is under target for meeting the 80 percent expended at three years... HUD emphasizes that the Notice states that “an amount equivalent to the difference between the total amount expended at the end of the third year and 80 percent of all CDBG-CV funds,” **may be recaptured.***”



2023 Spenddown (continued)

- **Additional Spend Down Challenges**
 - Dramatic interest rate increase beginning in late 2021
 - Post pandemic market uncertainty
 - Labor shortages
 - External and within PED
 - Supply chain issues
 - Inflation rate and cost increases
 - Delays related to environmental reviews



2023 Spenddown (continued)

- Strategies
 - Encourage spending for existing CIB approved active projects
 - Identify new projects that meet National Objectives and Eligible Uses
 - Requires approval from the Mayor's Office
 - Council notified through AO
 - PED notified HRA November of 2022
 - Additional projects identified and funded:
 - Public Safety Annex
 - Keystone Community Food Shelf
 - Dale Street 150 Unit Affordable Housing Project
 - BJK 36 Unit Affordable Artist Housing Project



2024 Spending Strategy

- Spending need in PY2023= **\$5.5M by April 1, 2024**
- To meet the HUD spending deadlines in 2024, the Grants Team has identified the following actions and activities:
 - **Increased staff capacity.** The Grants Team is now at full capacity and monitoring and oversight tasks and workloads balanced.
 - **Subrecipient spending and contract tracking.** Subrecipients have spending benchmarks in each annual contract. Staff will manage and report on interim spending deadlines. (e.g. 30% of contract drawn by 6 months, 65% by 9 months)
 - **City project tracking.** Projects administered directly by City departments will have spending monitored in line with project scope.



Questions?