

COMMUNITY DEVELOPMENT BLOCK GRANT

CITY OF ROCK ISLAND

REVISED 2005-2006 POLICIES FOR ALLOCATING CDBG FUNDS



INTRODUCTION

As an entitlement community for Community Development Block Grant (CDBG) funds from the Federal Department of Housing and Urban Development (HUD), the City of Rock Island must establish a process for distributing CDBG dollars. This process allows funds to be allocated in a way that includes local residents, meets various community needs, and targets community development objectives set forth in the City's 2003-2008 Consolidated Plan.

Each year, the City Council approves a set of policies for allocating CDBG funds. Approval of these policies creates guidelines for the Citizens Advisory Committee (CAC) to make recommendations on the types of programs to fund, as well as recommended amounts. Upon careful consideration of CAC recommendations, City Council then has the discretion to adjust recommendations based on available funding and community needs.

The 2005-2006 "Policies for Allocating CDBG Funds" did not include substantial changes from the approved 2003-2004 policies.

This document addresses four broad policy areas and related subcategories including:

1. Housing and Neighborhood Improvement

- a. City Housing Rehabilitation Programs
- b. Use of Program Income
- c. Use of Carry-Over Funds
- d. Allocation to Outside Agencies
- e. Allocation Adjustments
- f. Demolition
- g. Code Enforcement
- h. Other Neighborhood Activities

2. Economic Development Activities

- a. Administrative Activities
- b. Allocation to Outside Agencies

3. Social Services

- a. Allocation Amounts
- b. The Martin Luther King Center

4. Agency Allocations

- a. Targeting Priorities
- b. CAC Recommendations

HOUSING & NEIGHBORHOOD IMPROVEMENT

POLICY 1: CITY HOUSING REHABILITATION PROGRAMS

- 1a. Support for City housing rehabilitation programs will be funded at a level not less than \$195,000 each year;
- 1b. Housing rehabilitation programs should be flexible, meet the needs of various income groups, and focus on improving the quality of the housing stock in the City of Rock Island;
- 1c. Housing rehabilitation programs should meet one or more of the objectives identified in the 2003-2008 Consolidated Plan, such as preventing homelessness, maintaining homeownership, and fostering affordable housing.

POLICY 2: USE OF PROGRAM INCOME

- 2a. Program income generated by housing rehabilitation programs will be earmarked to support housing and neighborhood improvement efforts;
- 2b. No less than \$300,000 of program income will be reserved for housing and neighborhood redevelopment activities. Remaining program income may be used for other CDBG-eligible activities, subject to City-Council approval;
- 2c. Principal and interest payments generated from the City's revolving loan programs should be used as a source that provides additional revenue to reinvest in neighborhoods. When impacted by cuts in federal funding, the program income generated from these loans can be a critical source for keeping rehabilitation programs in operation;
- 2d. The City's loan programs may be made available to residents who are not be eligible for other housing programs, or who cannot obtain one-hundred-percent financing from other financial institutions. The City and local lenders work together, in this regard, to leverage funds and produce more home repairs.

POLICY 3: USE OF CARRY-OVER FUNDS

- 3a. Budgeted but unspent funds (carry-over funds) committed to City housing and neighborhood improvement activities will remain available to those activities. Neighborhood program funds originally budgeted for the City's housing programs are fully committed to specific properties by the end of each fiscal year;
- 3b. There are some instances when property owners do not complete approved work during the first quarter of the following fiscal year. In these cases, staff will expend carry-over monies first. Newly budgeted funds will then be committed and spent.

POLICY 4: CDBG ALLOCATION TO OUTSIDE AGENCIES FOR HOUSING ACTIVITIES

- 4a. CDBG funds may be allocated to agencies other than the City that have demonstrated the willingness, capacity, and ability to conduct housing rehabilitation and related housing assistance programs. Such outside agencies must also have the capacity to leverage additional resources;
- 4b. CDBG funds may be used for program and administrative expenses associated with housing and neighborhood activities;
- 4c. The Citizens Advisory Committee (CAC) will make recommendations to City Council on which agencies to allocate CDGG funds for purposes of carrying out rehabilitation and neighborhood activities. Decisions of the CAC and subsequent action by City Council will consider the past performance, capacity, and ability of applicant agencies to bring additional funding resources into the Rock Island community to leverage additional projects.

POLICY 5: ALLOCATION ADJUSTMENTS

- 5a. Community and Economic Development Staff working with the CDBG program may exercise discretion to adjust dollars among Council approved housing and neighborhood programs to meet actual demands. Staff should have flexibility to re-allocate City funds from areas of less prevalent need to areas of more prevalent need (*e.g. shifting funds from an existing or underutilized housing program to meet an emergency homeowner repair*);
- 5b. Shifting or reallocation of funds to meet needs may only occur within the City's housing rehabilitation programs.

POLICY 6: DEMOLITION

- 6a. At least \$60,000 of CDBG funds may be used to remove vacant, dilapidated structures, when it is unlikely that the owner will provide for the demolition;
- 6b. CDBG funds should only be used for demolition in cases where there is little likelihood that the private owner will undertake the demolition and when the structure cannot be rehabilitated. Where a structure has sustained damage such that it is a total loss, the City will move to have the structure demolished;
- 6c. CDBG funds may be used for the removal of burned out and secondary structures, such as garages, when deemed appropriate by City Staff.

POLICY 7: CODE ENFORCEMENT

- 7a. CDBG funds should be used to support code enforcement activities, in an effort to bring substandard dwellings into compliance with minimum housing standards;

- 7b. The court system will be used as a last resort for gaining code compliance; code enforcement staff will respond on a complaint basis only;
- 7c. The Code Hearing Officer will be used to facilitate compliance from property owners who have not responded to routine notices. Code enforcement efforts will continue to focus on investor owned properties.

POLICY 8: OTHER NEIGHBORHOOD ACTIVITIES

- 8a. CDBG funds will be allocated to support activities associated with Neighborhood Partners. Neighborhood Partners is a city-initiated and coordinated partnership that addresses issues facing the City's neighborhoods.

ECONOMIC DEVELOPMENT ACTIVITIES

POLICY 9: ADMINISTRATIVE ACTIVITIES

- 9a. A portion of CDBG administrative funds will be used to support staff work on economic development activities. City staff administer multiple economic development activities including its Commercial Industrial Revolving Loan Fund program (*funded through CDBG*), the Tax Increment Financing districts, and working with businesses to help increase job opportunities, expand the tax base, and revitalize the economy's commercial, office, and industrial sectors.

POLICY 10: COMMERCIAL INDUSTRIAL REVOLVING LOAN FUND (CIRLF)

- 10a. CDBG program income funds will be used to support the Commercial Industrial Revolving Loan Fund (CIRLF)
- 10b. Program Income generated by CIRLF principal and interest repayments will be returned to the CIRLF Revolving Loan Fund.

POLICY 11: ALLOCATION TO OTHER AGENCIES FOR ECONOMIC DEVELOPMENT ACTIVITIES

- 11a. CDBG funds may be allocated to agencies outside the City that share a similar economic development strategy. Decisions of the CAC and subsequent action by Council should consider the performance, capacity, and ability of applicant agencies to bring additional revenue into the Rock Island Community;
- 11b. CDBG funds may be used for program and administrative expenses associated with carrying out economic development activities,

SOCIAL SERVICE ACTIVITIES

POLICY 12: ALLOCATION AMOUNTS

- 12a. No more than 15 percent of the City's total CDBG entitlement shall be allocated to social service agencies. This is consistent with federal regulations;
- 12b. No social service agencies shall receive an amount that exceeds the amount of funds requested.

POLICY 13: THE MARTIN LUTHER KING COMMUNITY CENTER

- 13a. The Martin Luther King Community Center shall receive an allocation of Block Grant funds adequate to meet operating and maintenance expenses.

ALLOCATIONS TO OTHER AGENCIES

POLICY 14. TARGETING COMMUNITY PRIORITIES

- 14a. The programs and activities proposed by the agency must target one of the City's priorities as set forth in the 2003-2008 Consolidated Plan;
- 14b. All agencies are required to file applications justifying funding for consideration by the CAC and City Council.

POLICY 15: CAC AND FUNDING RECOMMENDATIONS

- 15a. The CAC will review agency requests and make funding recommendations to City Council. Recommendations will take into consideration the performance, cost effectiveness, capacity, and objectives of the applicant agency;
- 15b. The CAC shall have the discretion to not recommend funding of an agency, based on an assessment of the most cost effective commitment of CDBG funds. If it is determined that a small allocation to an agency shall be more productively used by another agency, or if the request does not meet a significant need in Rock Island, the CAC can recommend no funding.

POLICY 16: ELIGIBLE APPLICANTS

- 16a. Eligible applicants for CDBG funding include not-for-profit corporations, neighborhood organizations, and units of local government.