



## Legislation Text

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**File #:** 24-0003, **Version:** 1

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**TO:** Mayor Richard C. Irvin

**FROM:** Chris Ragona, Community Development Manager, Community Development Division

**DATE:** January 9, 2024

**SUBJECT:**

A Resolution Authorizing Approval of the 2024 Annual Action Plan and Substantial Amendment 2023-#3 Funding Recommendations.

**PURPOSE:**

On behalf of the City's Block Grant Working Committee (BGWC), Staff requests approval of its proposed funding recommendations for the City's 2024 Annual Action Plan for Federal Funding for Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) to the U.S. Department of Housing and Urban Development (HUD). Annually, the City of Aurora ("City") receives approximately \$1.3 million dollars in CDBG and \$700,000 in HOME funds that are used to provide decent, safe, and sanitary housing and provide services and projects to low-to-moderate income persons (defined as earning at or below 80% of the Area Median Income, or approximately \$88,250 for a family of four in 2023).

Under Substantial Amendment 2023-#3, Staff also requests approval of the BGWC's proposed funding recommendations utilizing prior year CDBG funds as well as the City's HOME American Rescue Plan (HOME-ARP) funding. As a one-time supplemental grant received through the American Rescue Plan, the City received \$2,726,703 million dollars in HOME-ARP funds to be utilized to create affordable housing and provide supportive services for those who are experiencing homelessness, at risk of homelessness, survivors of gender-based and sexual-based crimes, and families requiring services and/or housing assistance to prevent homelessness or families that are experiencing a high level of housing insecurity. Residents that meet HUD's definition of extremely low-income (defined as earning at or below 30% of the Area Median Income, or approximately \$33,100 for a family of four in 2023) will also primarily benefit from this funding.

**BACKGROUND:**

The City, as a direct recipient of CDBG, HOME, and HOME-ARP funds, must plan for how these funds will benefit the Aurora community. Additionally, the City must also modify its 2019, 2020, 2021, 2022, and 2023 Annual Action Plans identified as Substantial Amendment 2023-#3 to reallocate CDBG and HOME-ARP funding to new and/or existing projects.

During 2023, the City released multiple calls to solicit applications for 2024 CDBG and HOME-ARP proposals with the HOME-ARP application (2 Phases) opening up on June 1, 2023 and ultimately closing on September 1, 2023. The CDBG application opening took place on August 26, 2023 and closed on September 22, 2023.

City staff members that made up the scoring review committee included Chris Ragona, Community Development Manager, Amy Munro, Redevelopment Coordinator, and Adam Grubbs, Management Assistant. Each member of the scoring committee reviewed various aspects of each application to focus on the following criteria:

- Completeness and quality of the application
- Budget including sources and uses
- Grant management experience
- Past performance
- Ability to operate or carry on project with a reduced amount of funds
- Performance metrics
- Duplication of services
- Ability to serve Aurora residents

City staff also completed good standing checks with the City's Division of Revenue and Collections, State of Illinois, Internal Revenue Service, and federal debarment registry to confirm each applicant's funding eligibility. Numerous site visits were completed and additional research was conducted to confirm the accuracy of the applicants' described service areas and outcomes.

The results of staff analysis of the applications and their ability to meet the goals and objectives established by the City's 2020-2024 Consolidated Plan (which incorporates the City's HOME-ARP Needs Assessment) formed the recommendations for the City's 2024 Annual Action Plan and Substantial Amendment 2023-#3. City staff also considered alternative funding such as the City's 2024 Quality of Life (QOL) and Home Investment Partnerships Program funding if the applicant applied for CDBG and/or QOL opportunities or if a proposed activity was a better fit for one of the other funding programs. The 2024 CDBG funding recommendations can be found in Attachment A and 2024 HOME-ARP recommendations can be found in Attachment C.

#### **DISCUSSION:**

All funding recommendations in the Annual Action Plan must correspond to a goal and objective listed in the 2020-2024 Consolidated Plan. The 2024 Annual Action Plan will achieve the following 2020-2024 Consolidated Plan's goals and objectives:

1. Expand and maintain the affordable housing stock.
2. Strengthen Homeownership among Low- and Moderate-Income Households.
3. Ensure the Housing Stock is Safe, Healthy, and Accessible for all Residents.
4. Public Service Assistance Including the Prevention and Reduction of Homelessness.
5. Enhance and Improve Access to the Number of Community Amenities in Low- and Moderate Income Communities.

In addition to the above goals and objectives, Substantial Amendment 2023-#3 will achieve the following HOME-ARP goals and objectives:

1. Expand and maintain the affordable housing stock.
2. Prevention and reduction of homelessness through a variety of supportive services.
3. Planning and fair housing activities.

## 2024 Funding Recommendations

CDBG recommendations (Attachment A) reflect an estimate of funding levels for CDBG and HOME based on prior year allocations (\$1,304,706 and \$701,962) and anticipated prior year resources from program income as well as projects that came in under budget or were cancelled. Future Congressional action could result in changes to our anticipated funding levels. Any additional CDBG funding received through program income, an increase in the City's funding, or completed 2023 and prior year projects that end up under budget will be placed in the Community Amenities' Activity. HOME-ARP recommendations (Attachment C) reflect a special one-time allocation in the amount of \$1,541,726.

Of note, funds are programmed as "administration" as well as "public service" activities based upon HUD's regulatory caps. The CDBG cap is 20% and the HOME and HOME-ARP cap are both 10%. Administration funds are used for staff salaries, overhead, training opportunities, and fair housing activities. Administration funds that are not used can be reprogrammed for additional eligible activities by future amendments.

The City received a total of 35 applications for CDBG (22) and HOME-ARP (13) funding, with ten projects recommended for CDBG funding, seven projects recommended for HOME-ARP funding, one project recommended for HOME funding, and one project recommended for 2024 Quality of Life funding. Sixteen projects were not recommended for CDBG or HOME-ARP funding.

### CDBG Public Facilities and Infrastructure Improvements:

Two applications were recommended for CDBG funding in the total amount of \$812,000. Funding will assist the City's Engineering Department in the amount of \$500,000 as part of the annual scattered site street resurfacing program in CDBG eligible areas. Funding will not replace, but instead, will increase the budget for street resurfacing in low and moderate income areas. \$312,000 is recommended for Jennings Terrace to perform electrical upgrades.

### CDBG Public Services:

The CDBG public services cap is 15% and cannot exceed approximately \$200,000. Public service funds are used to support an agency's operations costs (staff time, materials, etc.) specific to a particular CDBG program. In general, CDBG public service activity funds must be expended during the City's program year and cannot be carried over into another year.

The BGWC is recommending CDBG funding awards to six agencies in the amount of \$200,000. Services include activities related to senior services, homelessness prevention, domestic violence survivors, job training opportunities, financial empowerment, and additional case management. Should actual funding be less than anticipated, these projects would take an across the board percentage reduction based on the amount of public service funds actually available.

### CDBG Housing:

Two housing activities have been recommended for CDBG funding in the amount of \$300,000. The Neighbor Project (TNP) and Rebuilding Together Aurora (RTA) provide assistance to income-eligible

homeowners for emergency repairs (TNP) and upgrades to provide ADA improvements such as ramps and accessible bathrooms (RTA).

HOME Funds:

As has been past practice by the City, Community Development Division (CDD) staff recommend that the City's 2024 HOME funds be allocated as per HUD's regulatory caps as follows: program administration is 10% (\$70,196), direct project activities is 75% (\$526,472) and 15% allocated to agencies that qualify as Community Housing Development Organizations (\$105,294). Once the CDD receives direct project and CHDO activity proposals, CDD staff will provide specific recommendations to the BGWC and then City Council at a later date. Projects will then move through the City's Substantial Amendment process for HOME funding approval.

HOME-ARP Funding:

The BGWC is recommending HOME-ARP funding for seven activities. A summary of each application is included as Exhibit C. Projects include street outreach, supportive services for substance abuse, survivors of domestic violence, assistance in seeking housing, legal and fair housing services, access to healthcare, emergency rental assistance, and administration totaling \$1,541,703. A reserve balance in the amount of \$1,185,000 remains and all funding must be expended by September 30, 2030.

2024 Annual Action Plan and Substantial Amendment 2023-#3 Schedule:

Staff is preparing the 2024 Action Plan and Substantial Amendment 2023-#3 to its 2019, 2020, 2021, 2022, and 2023 Action Plans for submittal to the U.S. Department of Housing and Urban Development. HUD has advised that the City should not submit its 2024 Plan until actual amounts are formally announced by HUD. Currently a continuing resolution has been passed by Congress and more details on 2024 funding should be outlined by the end of February 2024. The City will finalize its 2024 Annual Action Plan and move forward with the City's funding recommendations once the City is notified by HUD as to its actual allocations. Unlike the 2024 Annual Action Plan, the City may move forward in committing its 2023-#3 Substantial Amendment funds following City Council approval.

For reference, the following documents are attached:

- Exhibit A - CDBG Recommendation Project List (approved by BGWC on 12/13/23);
- Exhibit B - 2024 CDBG Applicant Summary;
- Exhibit C - HOME-ARP Funding Recommendations (approved by BGWC on 11/1/23);
- Exhibit D - HOME-ARP Applicant Summary
- Exhibit E - 12/13/23 Draft BGWC Meeting Minutes (CDBG and HOME recommendations)
- Exhibit F - 11/1/23 BGWC Meeting Minutes (HOME-ARP recommendations)
- Exhibit G - HOME-ARP Needs Assessment Modification #1
- Exhibit H - 2023 Substantial Amendment #3
- Exhibit I - 2024 Action Plan

In accordance with the City of Aurora's Citizen Participation Plan and the requirements of the U.S.

Department of Housing and Urban Development Department, the 30-day notices for the 2024 Annual Action Plan and Substantial Amendment (2023-#3) were posted in the Beacon News on December 17, 2023. Each document was also made available on the City's website and at the City's three library branches. A public hearing was conducted on January 5, 2024 at 1:00 p.m. to provide the public with an opportunity to comment on the 2024 Annual Action Plan and Substantial Amendment (2023-#3).

The City anticipates a surplus of approximately \$160,000 in CDBG funds, \$2,200,000 in HOME funds, and \$1,185,000 in HOME-ARP funds to be allocated at a later date.

**IMPACT STATEMENT:**

Since its inception in 1974, the CDBG program has invested over \$54 million dollars in the City of Aurora. These funds have supported streets and infrastructure, housing development, job training, youth development, homeless services, historic preservation, and senior services among others. Since becoming an entitlement community under the HOME program 13 years ago, the City has allocated approximately \$7 million in HOME funds to rehabilitate its aging housing stock, create affordable rental housing units, and explore additional uses of HOME funds to further expand affordable housing throughout the City. HOME-ARP funds in the amount of \$1,541,703 will support investments in providing affordable housing opportunities and supportive service activities for residents who are homeless or at risk of homelessness.

**RECOMMENDATIONS:**

Staff recommends approval of a Resolution Authorizing Approval of the 2024 Annual Action Plan and Substantial Amendment (2023-#3). Staff also requests authorization for the City's Mayor, Chief Community Services Officer, Director of Community Services, Community Development Manager, or their designees to execute any contracts as well as any other documents associated with the 2024 Annual Action Plan and Substantial Amendment (2023-#3) including but not limited to HUD's program administration requirements.

Please do not hesitate to let me know if you have any questions, 630-256-3321 or ragonac@aurora.il.us.

cc: Public Health, Safety and Transportation Committee



CITY OF AURORA, ILLINOIS

RESOLUTION NO. \_\_\_\_\_

DATE OF PASSAGE \_\_\_\_\_

A Resolution Authorizing Approval of the 2024 Annual Action Plan and Annual Action Plan Substantial Amendment 2023-#3 Funding Recommendations.

WHEREAS, the City of Aurora has a population of more than 25,000 persons and is, therefore, a

home rule unit under subsection (a) of Section 6 of Article VII of the Illinois Constitution of 1970; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of the public health, safety, morals, and welfare; and

WHEREAS, The 2024 Annual Action Plan and Annual Action Plan Substantial Amendment 2023-#3 will define priorities for community development funding; and

WHEREAS, funding will be available in the 2024 City Budget CDBG program account (221-1330-801-43-series), HOME program account (213-1330-801-43-series), HOME-ARP program account (213-1330-331.11-19-series), HOME-ARP program account (213-1330-801.44-60 series), and HOME-ARP program account (213-1330-801.44-61 series).

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Aurora, Illinois, as follows: , finds as facts all of the preamble recitals of this Resolution and hereby that the City Council of the City of Aurora, Illinois, finds as facts all of the preamble recitals of this Resolution and hereby approves a resolution authorizing the 2024 Annual Action Plan and Substantial Amendment 2023-#3, and authorizes the City's Mayor, Chief Community Services Officer, Director of Community Services, Community Development Manager, or their designees to execute any contracts as well as any other documents associated with these approvals, including but not limited to HUD's program administration requirements.