



Legislation Details (With Text)

File #: 45525 **Version:** 1 **Name:** Approving the transfer of CDBG program income funds out of the CDD Housing Development Reserve Fund for use in administering the City's community development program, in order to comply with recent HUD guidance regarding how the federal agency's Integrate

Type: Resolution **Status:** Approved

File created: 12/21/2016 **In control:** BOARD OF ESTIMATES (ended 4/2017)

On agenda: 1/3/2017 **Final action:** 1/17/2017

Enactment date: 1/20/2017 **Enactment #:** RES-17-00071

Title: Approving the transfer of CDBG program income funds out of the CDD Housing Development Reserve Fund for use in administering the City's community development program, in order to comply with recent HUD guidance regarding how the federal agency's Integrated Disbursement and Information System (IDIS) now handles CDBG funds for planning and administration.

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Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
1/17/2017	1	COMMON COUNCIL	Adopt	Pass
1/9/2017	1	BOARD OF ESTIMATES (ended 4/2017)	RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER	Pass
1/5/2017	1	COMMUNITY DEVELOPMENT BLOCK GRANT COMMITTEE	Return to Lead with the Recommendation for Approval	Pass
1/3/2017	1	BOARD OF ESTIMATES (ended 4/2017)	Refer	
1/3/2017	1	COMMON COUNCIL	Refer	Pass
12/21/2016	1	Community Development Division	Referred for Introduction	

Fiscal Note

This Resolution proposes to transfer out of the Community Development Division's Housing Development Reserve Fund an amount equivalent to 20% of the total CDBG program income received by the City during the first three quarters of its 2016 program year (\$1,267,167), or \$253,432, for program administration purposes.

2016 Q1 total CDBG PI received = \$481,583 »» 20% to be transferred out for admin = \$96,316
2016 Q2 total CDBG PI received = \$339,979 »» 20% to be transferred out for admin = \$67,995
2016 Q3 total CDBG PI received = \$445,606 »» 20% to be transferred out for admin = \$89,121

This Resolution restructures how the City sets aside CDBG grant funds and associated program income for planning and administration of its community development program, in order to comply with recent guidance from the U.S. Department of Housing and Urban Development (HUD).

No additional City funds are being requested by this Resolution, and there is no impact on the local City levy.

62110111-43630-71016 AFF HSG PI CDBG 16 PRGM PRNCP 253,432
62550111-43630-71016 CD 26 A PI CDBG 16 PRGM PRNCP (253,432)

Title

Approving the transfer of CDBG program income funds out of the CDD Housing Development Reserve Fund for use in administering the City's community development program, in order to comply with recent HUD guidance regarding how the federal agency's Integrated Disbursement and Information System (IDIS) now handles CDBG funds for planning and administration.

Body

BACKGROUND

The CDBG regulations at 24 CFR 570 require that recipients of entitlement grants limit the amount of CDBG funds obligated for planning and administration during each program year to an amount no greater than 20 percent of the sum of its entitlement grant made for that program year plus the program income received by the recipient during that program year. In past program years, HUD's Integrated Disbursement and Information System (IDIS) permitted the aggregate 20 percent figure to be drawn down entirely from entitlement funds.

However, HUD recently issued guidance stating that for the 2016 program year and future program years, grantees are to use IDIS to draw down no more than 20% of their entitlement grant *plus* no more than 20% of their program income for administration, independently, as opposed to drawing down the aggregate 20% amount for administration solely from entitlement funds. This requires the City to start setting aside for administration 20% of the CDBG program income it receives annually.

This Resolution proposes to transfer out of the Community Development Division's Housing Development Reserve Fund (the largest repository of non-revolving CDBG program income) an amount equivalent to 20% of the total CDBG program income received by the City during the first three quarters of its 2016 program year (\$1,267,167), or \$253,432, for program administration purposes.

2016 Q1	total CDBG PI received = \$481,583	»»	20% to be transferred out for admin = \$96,316
2016 Q2	total CDBG PI received = \$339,979	»»	20% to be transferred out for admin = \$67,995
2016 Q3	total CDBG PI received = \$445,606	»»	20% to be transferred out for admin = \$89,121

This Resolution additionally proposes to approve similar future transfers of CDBG program income out of the Housing Development Reserve Fund on a quarterly basis for continued administration of the City's community development program, in ongoing compliance with the above guidance from HUD.

ACTION

WHEREAS, federal CDBG regulations at 24 CFR 570 require that a grantee may not use more than 20% of the combined sum of its entitlement grant for that program year plus the program income it receives during that program year for planning and program administration purposes; and,

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) recently issued guidance stating that for the 2016 program year and future program years, grantees may no longer use the agency's IDIS system to draw down this 20% administrative figure entirely from entitlement funds, and must instead draw down up to 20% of their entitlement grant and up to 20% of their program income funds independently; and,

WHEREAS, compliance with this HUD guidance requires the City, as a CDBG grantee, to start setting aside for administration 20% of the CDBG program income it receives annually; and,

WHEREAS, the Community Development Division's Housing Development Reserve Fund is the largest repository of non-revolving program income generated from repayments of loans originally funded with CDBG grant funds, and has sufficient CDBG program income to enable the transfer-out described herein;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council hereby approves the transfer of up to \$253,432 in CDBG program income funds, which represents 20% of total CDBG program income proceeds for the first three quarters of the 2016 program year, out of the CDD Housing Development Reserve Fund for planning and program administration purposes; and;

BE IT FURTHER RESOLVED, that the Common Council hereby approves similar future transfers of CDBG program income out of the CDD Housing Development Reserve Fund on a quarterly basis, for continued administration of the City's community development program, and in ongoing compliance with the HUD guidance articulated in this Resolution.