



City of Grand Island

Tuesday, September 22, 2009

Council Session

Item G5

#2009-230 - Approving Program Income Reuse Funds Guidelines for Housing

This item relates to the aforementioned Public Hearing Item E-2.

Staff Contact: Joni Kuzma



**PROGRAM INCOME REUSE PLAN for
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS**
(Housing or other non-economic development income)
City of Grand Island, Nebraska

PART I: Type of Plan

Program Income Reuse Funds will be administered locally for activities that rehabilitate or support housing located within Community Development Block Grant (CDBG) project area boundaries at the time funds are expended. Program Income generally means gross income received by the City through the repayment of housing rehabilitation loans, first-time homebuyer subsidy loans, sale of property, other miscellaneous receipts or from a sub-recipient of the City that was generated from the use of CDBG funds. Receipts generated from program income will be considered to be program income regardless of the number of times it may be reused.

Program Income includes, but is not limited to:

- payments of principal and/or interest on loans made using CDBG funds,
- proceeds from the disposition (by sale or long-term lease) of real property purchased or improved with CDBG funds,
- interest earned on program income pending its disposition,
- interest earned on CDBG funds held in an interest-bearing account.

The City of Grand Island will provide program and fiscal management of Reuse Funds, meet semi-annual reporting requirements of the Department of Economic Development, and incorporate all future changes made by the Department.

PART II: Goals and Objectives of the Plan

Reuse Funds will be expended only for projects that meet identified National Objective(s) primarily benefiting low-and-moderate income persons.

Other Local Objectives include:

1. To rehabilitate housing occupied by a low-to-moderate-income homeowner to improve it to Nebraska Department of Economic Development Rehabilitation Standards,
2. To acquire and demolish blighted structures for redevelopment,
3. To provide down payment assistance or direct subsidy for purchase of a home by a low-to-moderate-income first-time homebuyer,
4. To provide safe, affordable housing options for low-to-moderate-income residents,



5. To update infrastructure needed for safe, affordable housing,

Program Income may be spent prior to a CDBG grant award if the housing activities associated with that grant are eligible uses within the Reuse Plan. The City reserves the option to move program income within current grants as long as it is spent prior to any drawdown of federal funds for that activity. If Reuse Funds exceed the allowable limit as set by the Nebraska Department of Economic Development, the City may return all or a portion of the funds to the Department.

PART III: Elements of the Plan

Eligible Applicants

1. Low-to-moderate-income persons
2. Middle income persons if specified by the Nebraska Department of Economic Development

Eligible Activities

1. Rehabilitation of residential property occupied by the homeowner
2. Direct subsidy/first-time homebuyer assistance to expand homeownership among persons of low-to-moderate-income
3. Other CDBG activity as allowed by the Department of Economic Development and consistent with National Objectives

Types of Assistance

1. Grants, Deferred or Forgivable loans
2. Other assistance as allowed by the Department of Economic Development

Guidelines for Assistance

1. Rehabilitation of residential property:
 - a. Maximum of \$25,000
 - b. 0% interest
 - c. Deferred/forgivable loan term of either 5 or 10 years depending on dollar amount of subsidy per unit (HUD guidelines)
2. Direct Subsidy/First-time Homebuyer Assistance
 - a. Maximum of \$20,000, or 20% of the purchase price, whichever is less
 - b. 0% interest
 - c. Deferred/forgivable loan term of either 5 or 10 years depending on dollar amount of subsidy per unit (HUD guidelines)

The most current and applicable program guidelines will apply to projects financed with program income.



PART IV: Compliance

Compliance with Department of Housing and Urban Development (HUD), Nebraska Department of Economic Development and Community Development Block Grant regulations will be the duty of local City staff. The Program Income Reuse Plan will be administered with the most current and applicable guidelines and regulations. If a consultant is hired by the City for an individual project, it would be the City’s responsibility to ensure consultant/contractor compliance with local, state, and federal regulations.

Local, state, and federal regulations may include but not be limited to: 1) 24 CFR 5, 2) City of Grand Island and Nebraska Department of Economic Development construction standards, 3) Section 2301(d)(2) of HERA, 4) Section 203 (b) Single Family Mortgage Limit, 5) Section 110 of the Housing and Community Development Act of 1974, as amended, 6) Fair Labor Standards Act of 1938, as amended (29 USC 102 et seq), 7) section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701(u), 8) Davis Bacon Act as amended (40 USC 276-a-276-5) and Section 2 of the June 13, 1934 Act, as amended (48 Stat 948.40 USC 276 (c), popularly known as The Copeland Act, and/or 9) the 2003 International Energy Conservation Code.

PART V: Financial Management

Funds received from deferred payment/forgivable loans or grants will be deposited into a separate, interest bearing account by the servicing agent. The City maintains multiple accounts in various financial institutions. These funds will be used prior to drawing down funds for the same housing activities or committed as matching funds for a new grant award. Revenues and expenditures will be monitored and maintained through the City financial management system.

Original Reuse Plan approved by City Council 1-8-1996

The amended Program Income Reuse Plan was adopted by the Grand Island City Council on September 22, 2009 at a regularly scheduled Council meeting. Meeting minutes are on file with the City and available by request.

Resolution # _____

This Program Income Reuse Plan is hereby approved by the Nebraska Department of Economic Development (NEDED) on this _____ day of _____, 2009.

DED Representative Name and Title

DATE



RESOLUTION - 2009-230

WHEREAS, the Nebraska Department of Economic Development allows local governments to retain program income from the Housing Category on eligible Community Development Block Grant activities that rehabilitate or support housing; and

WHEREAS, Program Income Reuse Funds are administered by the Community Development Division for activities that rehabilitate or support housing located within Community Development Block Grant (CDBG) project area boundaries; and

WHEREAS, Nebraska Department of Economic Development periodically updates official program income reuse requirements which necessitate revisions to local guidelines; and

WHEREAS, a public hearing was held on September 22, 2009 to solicit public comment regarding the plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Program Income Reuse Plan for housing activities is adopted and approved and that such revised plan be submitted to the Nebraska Department of Economic Development.

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Adopted by the City Council of the City of Grand Island, Nebraska, September 22, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
September 18, 2009 ☐ City Attorney