



City of Grand Island

Tuesday, August 25, 2015

Council Session

Item I-4

#2015-233 - Consideration of Approving Acceptance of United States Department of Housing and Urban Development (HUD) Entitlement Community Invitation

Staff Contact: Charley Falmlen

Council Agenda Memo

From: Charley Falmlen, Community Development

Meeting: August 25, 2015

Subject: Consideration of Approving Acceptance of United States Department of Housing and Urban Development (HUD) Entitlement Community Invitation

Presenter(s): Charley Falmlen, Community Development

Background

In a letter addressed to Mayor Jensen, dated August 4, 2015, the City of Grand Island was identified as a potential entitlement grantee for the United States Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) Program. As a Metropolitan Statistical Area (metropolitan cities with populations over 50,000), Grand Island has the annual opportunity to accept status as an entitlement grantee or defer status. The Community Development Division is proposing to accept the Entitlement Invitation.

This decision is a result of thorough consideration and research. In December 2014 Charley Falmlen conducted an extensive Feasibility Study to gain a better understanding of the impact that Entitlement would have on not only the Community Development's operations, but also the impact on various entities within the Grand Island. 100% of the parties interviewed were in support of accepting an Entitlement invitation, noting that it would greatly leverage the City's capacity for identifying projects for the Community Development Block Grant Program.

Discussion

As part of becoming an Entitlement Community, The Community Development Division will be required to create a 3-5 Year Consolidated Plan and an Annual Action Plan. The Consolidated Plan is to include:

- A housing assessment
- A homeless needs assessment
- A housing market analysis
- A strategic plan which addresses non-housing community development needs and barriers to affordable housing

- An anti-poverty strategy

The City of Grand Island's Administration and Community Development Division suggest moving forward with sending a letter to HUD accepting the Entitlement invitation with a start date of October 1, 2015 to allow sufficient time to create the required 3-5 Year Consolidated Plan and the Annual Action Plan. Staff is recommending the creation of a 3 Year Consolidated Plan as a Plan dated 2016-2019 would coincide with the 2014-2019 Housing Study conducted by the Grand Island Economic Development Corporation. For the next Consolidated Plan time frame to begin in 2020, a new Housing Study will need to take place.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve Acceptance of HUD Entitlement Community Invitation
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council grant Mayor permission to sign all documents related to accepting HUD Entitlement Status.

Sample Motion

Move to allow Mayor Jensen to sign HUD Entitlement Acceptance Letter and all other documents related to accepting Entitlement Status.



U.S. Department of Housing and Urban Development
Omaha Field Office
Edward Zorinsky Federal Building
1616 Capitol Avenue, Suite 329
Omaha, Nebraska 68102-4908

August 4, 2015

Honorable Mayor Jeremy Jensen
City of Grand Island
100 East First Street
Grand Island, NE 68801

Dear Mayor Jensen:

This letter is to notify you that Grand Island has been identified as a potential entitlement grantee for HUD's Community Development Block Grant Program (CDBG) in FY 2016. Under this program, eligible entities such as, Metropolitan Statistical Areas (MSAs), metropolitan cities with populations over 50,000, and urban counties with populations over 200,000, can receive annual grants for community development activities. Grand Island has qualified as a metropolitan city with a population over 50,000.

You have two options in regards to CDBG funding, accept status as an entitlement grantee or defer status as an entitlement grantee and participate through the State CDBG program. You must notify HUD, in writing, by **September 11, 2015** with your intent to accept or defer Grand Island's entitlement status. In this letter, if you accept entitlement status, provide a start date for the City's CDBG program. The program year for CDBG purposes must begin on the first day of any month from January through October. The program year will be used to set submission dates for the required planning and reporting documents and set timelines for the expenditure of CDBG funds. The funding which the City will receive will vary, depending on the federal budget approved by Congress. The estimate for Grand Island for FY 2016 is \$322,800.

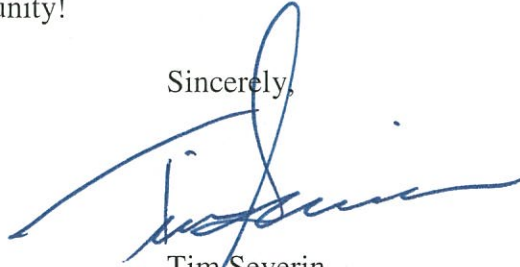
Grand Island may also elect to "permanently" defer its entitlement status, which means the City does not intend to accept its status in the foreseeable future. HUD will not send any further notifications to Grand Island regarding its potential entitlement status; however, the City may elect in the future to accept its entitlement status, as its decision to "permanently" defer its entitlement status is reversible. It will be the responsibility of the City to notify HUD if it changes its mind in the future.

After notifying HUD of the City's intention to participate, Grand Island must develop and submit a Consolidated Plan. This is the jurisdiction's comprehensive planning document under the CDBG program. The regulations outlining Consolidated Plan requirements can be found under Title 24 of the Code of Federal Regulations Part 91. The plan will be due 45 days before the beginning of your program year. As Grand Island begins to develop a Consolidated Plan, it must also develop and follow a detailed citizen participation plan. This plan should provide

opportunities for citizens to participate in the development of the Consolidated Plan and the way CDBG funds are used in the community.

Oversight of the CDBG program is the responsibility of the Community Planning and Development Division (CPD) of the Omaha Field Office. CPD staff will be available to assist you through the process. Further information is attached to this letter. If you have any questions, you may contact Mr. Charlie House, CPD Representative, at (402) 492-3173. We look forward to working with your community!

Sincerely,



Tim Severin
Director
Community Planning and
Development Division

Enclosure

cc: Chad Nabity, Regional Planning Director; Charley Falmlen, Community Development Specialist

ENTITLEMENT FEASIBILITY STUDY



2015

City of Grand Island

This document seeks to make a well-researched suggestion on whether or not the City of Grand Island should accept or reject an Entitlement Community invitation from the Department of Housing and Urban Development (HUD.)

Entitlement Feasibility Study

OBJECTIVE

The objective of this Feasibility Study was to gain insight into how becoming an Entitlement Community would affect the Community Development Department, City Government, and other entities in the community of Grand Island – specifically the entities that have a relationship with the Community Development Department and/or HUD.

BACKGROUND

TIMELINE

July 2013- The City of Grand Island received a letter from the United States Department of Housing and Urban Development (HUD) inviting the City to consider becoming an Entitlement Community

August 2013- Mayor Vavricek responded by letter to HUD accepting the entitlement application, with a fiscal year start date of October 1, 2014.

December 2013 – Mayor Vavricek sent a second letter to HUD, deferring the entitlement process due to staffing issues, as the Community Development Administrator, Marco Floreani had recently left City employment.

July 2014 – The City of Grand Island received a second invitation letter from HUD, inviting the City to consider becoming an Entitlement Community.

July 2014 – Mayor Vavricek sent a letter declining the Entitlement Invitation.

August 2015 – The City of Grand Island received the 2015 Entitlement Invitation.

CDBG INCOME

FISCAL YEAR	CDBG INCOME	SOURCE	CITY MATCH
2012	\$370,000	DOWNTOWN REVITALIZATION PLANNING & PHASE I	\$87,650
2013	\$530,000	COMPREHENSIVE REVITALIZATION PHASE I & SUPPLEMENTAL	\$530,000
2014	\$220,000	COMPREHENSIVE REVITALIZATION PHASE II	\$220,000
PROPOSED ENTITLEMENT	\$322,800	HUD - NATIONAL OBJECTIVES	\$0

SURVEY METHODS

Interview style surveys were conducted over 7 weeks with varying entities throughout the City of Grand Island. Organizations that have a relationship with the Community Development Department and/or HUD were selected to gain insight into how a change in funding would potentially affect others.

The interviewees were asked 12 questions regarding the Entitlement Process in hope of gaining information on the interviewee’s conceptual understanding of what it meant to be an Entitlement Community, their insight on the pros and cons of Entitlement, and how they thought it would affect their interaction with Community Development.

The following interviews were conducted:

ORGANIZATION VISITED	INTERVIEWED BY	DATE VISITED	NAME OF INTERVIEWEE
CITY OF BELLEVUE (NOT INCLUDED IN SURVEY RESULTS)	CHARLEY FALMLEN & TONJA CAREY	11/17/14	ABBY HIGHLAND
GRAND ISLAND AREA CHAMBER OF COMMERCE	CHARLEY FALMLEN	11/4/14	CINDY JOHNSON
HOUSING DEVELOPMENT CORPORATION	CHARLEY FALMLEN & TONJA CAREY	12/4/14	LINDA ADDISON & MICHELLE CALLAHAN
ECONOMIC DEVELOPMENT CORPORATION	CHARLEY FALMLEN	12/16/14	MARY BERLIE & RANDY GARD
CENTRAL NEBRASKA COMMUNITY SERVICES	CHARLEY FALMLEN	12/17/14	CHERYL HOLCOMB
HALL COUNTY HOUSING AUTHORITY	CHARLEY FALMLEN	12/17/14	RICK RUZICKA
CITY COUNCIL	CHARLEY FALMLEN & TONJA CAREY	1/8/14	LINNA DEE DONALDSON

SURVEY RESULTS

Upon being asked about potential **benefits** of becoming an Entitlement Community responses included:

- No matching funds required would be really helpful.
- Entitlement would allow for more focused planning
- Entitlement would allow the City to participate in more innovative projects
- A more reliable source of funding
- It would strengthen relationships with everyone outside City Hall
- Less competitive
- More flexible spending
- It would allow us to compete with larger communities such as Lincoln and Omaha for business and residents
- The City would have greater control over their direction

Upon being asked about the potential **downfalls** of becoming an Entitlement Community responses included:

- We currently have a great relationship with the State of Nebraska – it would take work to build new relationships within HUD
- Less money received initially
- Currently, the State of Nebraska's is directly responsible to HUD, not the City
- Entitlement would be more susceptible to "Agenda Politics" within the City
- The burden of learning something brand new
- Loss of State of Nebraska's CDBG Economic Development Dollars, such as those used with Case New Holland and Standard Iron
- Could create a department that becomes complacent because of a steady and predictable income

SURVEY RESULTS CONTINUED

84% of respondents thought becoming an Entitlement Community would **improve** the Community Development Department's **granting capacity**.

100% of respondents thought becoming an Entitlement Community would **improve** the Community Development Department's **organizational structure**.

84% of respondents thought their organization would become **more involved** with the Community Development Department if the City were an Entitlement Community

100% of respondents thought becoming an Entitlement Community was a **realistic goal**

67% of respondents thought becoming Entitlement should be a **high priority**

CONCLUSION

OUTSIDE ORGANIZATIONS – the results of the study have provided valuable insight on how Entitlement would affect local housing organizations, economic development organizations and non-profits. Overall, the impact of becoming Entitlement would most likely expand and cultivate relationships between the City and various other entities in the community.

COMMUNITY DEVELOPMENT DEPARTMENT - The Community Development Department is staffed with a state certified grant administrator. For this reason, it can be suggested that the Community Development Department is adequately staffed for an Entitlement transition. It is suggested that the City consider replacing a current vacancy in the Community Development Department with an additional Grant Administrator to address other areas with potential for growth such as various State funds the City is still eligible for, Parks and Recreation activities and Tourism activities. The Entitlement structure would potentially allow for additional and much needed growth in how the Community Development Department serves the community as a whole. The Entitlement Process would also streamline the Community Development Department's Organizational Structure greatly, which could lead to a reduction on staffing issues.

RECOMMENDATION - Based on the support of community organizations, a better understanding of the requirements of Community Development staff, potential for departmental growth, and absence of detrimental impact on entities that are also receiving HUD income, the Community Development Department at the City of Grand Island recommends accepting an invitation from HUD to become an Entitlement Community.

RESOLUTION 2015-233

WHEREAS, the City of Grand Island is a designated Metropolitan Statistical Area; and

WHEREAS, the United States Department of Housing and Urban Development invites qualifying Metropolitan Statistical Areas to participate in the Community Development Block Grant Entitlement Program; and

WHEREAS, the City of Grand Island wishes to accept the United States Department of Housing and Urban Development's Entitlement invitation; and

WHEREAS, a response is due to the Department of Housing and Urban Development on or before September 11, 2015.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the acceptance of The United States Department of Housing and Urban Development Entitlement Status is hereby approved.

The Mayor is hereby authorized and directed to execute documentation on behalf of the City of Grand Island for such acceptance process.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 25, 2015.

Jeremy L. Jensen, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ✕
August 21, 2015 ✕ City Attorn