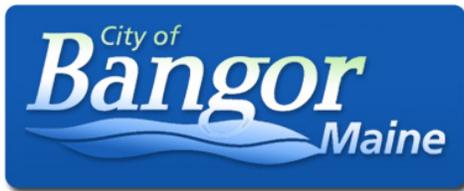


MEMORANDUM



TO: Business & Economic Development Committee
FROM: Jason Bird, Community & Economic Development Officer
DATE: February 24, 2015

Community Development Public Hearing Regarding Use of Community Development Block Grant Funds for Upcoming Fiscal Year

Federal Community Development Block Grant (CDBG) regulations require that the City hold at least two public hearings prior to the start of planning for the CDBG Consolidated Plan required to be submitted to HUD by May 15, 2015. At the Tuesday, March 3rd Business & Economic Development Committee meeting, the Committee will hold the first of the two required public hearings. The purpose of this hearing is to present the amount of funds expected to be available for the CDBG Program Year that will begin on July 1, 2015 and to identify the eligible activities that may be funded with the federal Department of Housing & Urban Development (HUD) Community Development Block Grant (CDBG) funds. Public input is invited regarding the housing and community development needs of Bangor, and suggestions, recommendations, and ideas of how the CDBG funds could and should be used to address these needs. Public input may be presented in person at the public hearing or submitted in writing to the Community Development Office prior to the second public hearing that will be held by the Committee May 5th, prior to the Consolidated Plan's submission to HUD.

The following information is provided to the Committee for its information on the eligible uses of CDBG funds. There are three types of activities that are eligible: (1) activities that benefit low or moderate-income persons (a minimum of 70% of CDBG funds must be used for activities in this category), (2) activities that aid in the prevention or elimination of slums or blight, or (3) activities that meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs (typically used for disaster emergency relief).

This year's Community Development budget is expected to consist of an annual HUD Entitlement grant of approximately \$778,778. An estimated \$250,000 will also be included from program income primarily derived from repayment of loans made through the City's Community Development Residential Property Rehabilitation and Business Development loan programs. The total amount of Community Development funds expected to be available for the year beginning July 1, 2015 is \$1,028,778. Of this amount, we expect to budget 20%, or \$205,755, for program administration, the maximum allowed by HUD.

ELIGIBLE ACTIVITIES

Activities that take place in low and moderate-income neighborhoods are eligible for Community Development funding, as the activities are considered to principally benefit the low and moderate-income residents. Activities in other neighborhoods of the City are not eligible for Community Development funding unless they are designed to principally benefit low and moderate income persons. Examples of activities that directly benefit low and moderate-income persons include rehabilitation of housing owned or occupied by low and moderate-income persons, and any necessary temporary relocation of low and moderate-income households; activities to remove architectural barriers to persons with disabilities, public services to low and moderate-income persons and assistance to other entities that result in the creation or retention of jobs principally for persons of low and moderate-income. Each of these activities must meet specific HUD requirements.

Activities which meet the slum and blight eligibility criteria, but which do not meet the low and moderate-income benefit criteria, may account for no more than 30% of the funds expended during a 3-year period. These may include downtown and waterfront public improvements; property acquisition, demolition, disposition, and relocation of any displaced businesses, or residential tenants; environmental remediation; and project planning.

Attached as Exhibit A is an overview of the Eligible CDBG Activities.

POTENTIAL ACTIVITIES FOR FUNDING

It is anticipated that the fiscal year budget will continue the general activities of the previous few years. Those include:

- Continued Residential Property Rehabilitation financing and administration
- Planning and Design of Community Development projects
- Business Development Assistance/Facade Improvement financing
- Acquisition, demolition and clearance of dilapidated properties when rehabilitation is not feasible
- American Disability Act Handicap Access improvements
- Community Development program administration
- Street and sidewalk replacement in eligible neighborhoods
- Nonprofit Grant Program

Attachments:

Exhibit A - Eligible CDBG Activities

Exhibit B – Previous Bangor 5-Year Strategic Plan Overview

