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AGENDA COVER MEMORANDUM

AGENDA DATE: May 4, 2005

TO: LANE COUNTY BOARD OF COMMISSIONERS

FROM: Community and Economic Development Program

PRESENTED BY: Peter Thurston, Community and Economic Development Coordinator

AGENDA ITEM TITLE: PUBLIC HEARING AND ORDER/IN THE MATTER OF RECEIVING COMMENTS FROM THE PUBLIC ABOUT COMMUNITY DEVELOPMENT NEEDS, PROPOSED PROJECTS TO MEET THESE NEEDS, AND LANE COUNTY'S PERFORMANCE OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROJECTS

I. MOTION IT IS MOVED THAT THE ORDER BE ADOPTED IN THE MATTER OF RECEIVING COMMENTS FROM THE PUBLIC ABOUT COMMUNITY DEVELOPMENT NEEDS, PROPOSED PROJECTS TO MEET THESE NEEDS, AND LANE COUNTY'S PERFORMANCE OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROJECTS

II. ISSUE OR PROBLEM: This is a public hearing with two purposes: 1) to hear input on any past CDBG projects and how Lane County has managed them, and 2) to receive public comment and suggestions on projects that may become new CDBG projects that serve low and moderate income families. Following the public hearing, the Board of Commissioners may take action to apply for specific CDBG funding for economic development, housing, infrastructure, and community development projects. Shall Lane County develop certain projects for Community Development Block Grant (CDBG) funding as funding opportunities are announced or offered through state agencies?

III. DISCUSSION

A. Background

Since the federal Community Development Block Grant (CDBG) program was established in the mid-1970s, Lane County has received millions of dollars through competitive

selection of CDBG-funded projects to construct water and sewer infrastructure (for example Mapleton water and wastewater systems, London water, Blue River water, Blachly water, Marcola water; community facilities (for example the Child Advocacy Center, SAFE Center, Jasper Mountain Center and community center improvements); handicapped accessibility improvements in public buildings; and provide housing rehabilitation for low and moderate income families. Some of the small cities (including Lowell, Oakridge, Westfir, Creswell, Cottage Grove, Florence, Veneta, Junction City, and Coburg) in Lane County have also received millions of dollars over the past couple decades for similar projects funded through the competitive CDBG program. The cities of Springfield and Eugene receive annual entitlement CDBG funding through a different CDBG program.

The attached Public Hearing Notice (Attachment A) was published, as required in the CDBG guidelines, and was sent to several agencies (the Housing and Community Services Agency, Saint Vincent DePaul, and Lane County health and human services department) that serve the needs of lower income families, organizations that have expressed interest or participated in CDBG programs, and city administrators around the county.

Lane County currently has one open CDBG project through the state Economic and Community Development Department (OECDD) to improve Mapleton water system and two housing rehabilitation grants through the Oregon Housing and Community Services Department. One of the housing rehabilitation grants is completed and this public hearing process meets final grant close out requirements. The second housing rehabilitation grant and the Mapleton grant are at the beginning of their implementation processes.

The CDBG guidelines require that the Board of Commissioners receive comments from the public about CDBG projects that are recently closed or nearing completion. The public may comment on any aspects of CDBG program delivery. Projects that are completed in the past year, or near completion, include: Housing Rehabilitation in 79th Street/Marcola (\$150,000). Attachment B describes the results from this project, administered by St. Vincent DePaul Society of Lane County.

Application Processes and Rules. There are two entirely separate application processes for CDBG funds from: 1) the Housing and Community Services Department for housing related projects and 2) the Oregon Economic and Community Development Department, for all other CDBG projects, including public works, community facilities, economic development, and technical assistance. The Oregon Housing and Community Services (OHCS) Department will set a deadline for receiving housing rehabilitation and housing center proposals in the next couple months. OECDD receives proposals year-round, after a project is approved conceptually. The following are: estimated 2005 funding levels in each category, statewide.

Estimated CDBG Funding in 2005

| Category | 2004 Targets | 2004 Estimated Amount Available | Maximum Grant |
|---------------------------------------|---------------------------------|---------------------------------|---------------|
| Housing Rehabilitation | Administered separately by OHCS | \$3,493,540 | \$500,000 |
| Housing Centers | | 450,000 | TBD |
| Public Works - Water & Sewer Projects | 32 percent | 5,286,875 | 750,000 |
| Technical Assistance | 1 percent | 166,300 | - |
| Micro-enterprise Economic Development | 2 percent | 300,000 | TBD |
| Economic Development | 10 percent | 1,608,600 | |
| Community Facilities | 32 percent | 5,286,875 | 600,000 |
| TOTAL (Estimate) | 100 percent | \$16,425,890 | |

Application Deadlines and Process.

Under the CDBG Guidelines, the Oregon Economic and Community Development Department (OECDD) will receive applications any time for public works, community facilities, and economic development projects, under the following guidelines. Projects will be developed with the OECDD Regional Team staff to help identify the best potential funding source(s) to meet community development needs and assist with the application process. The application procedure will vary, but usually includes the following steps:

- 1) Initial contact with state OECDD staff to request review of the project concept
- 2) OECDD offer to apply for funding.
- 3) Draft Application Prepared and Available for Public Review and Comment.
- 4) Application Submitted to OECDD.
- 5) State Review and Notice of Funding Decision.

Project Selection. OECDD commits the state's CDBG funds for public works, community facilities and other activities that support the agency's mission to assist Oregon business and governments to create economic opportunities and build quality communities throughout the state and that principally benefit low and moderate income persons. Oregon Housing and Community Services Department follows a separate process for

awarding housing rehabilitation and housing center grants.

Number of Projects. Lane County may apply for project funding from OECDD when OECDD requests an application. Lane County may have up to three (3) open CDBG projects from Oregon Economic and Community Development. Lane County has one open OECDD/CDBG grant, the Mapleton water system improvement project. Projects funded through the Housing and Community Services Department for housing rehabilitation are not considered as an open project by OECDD.

Eligible Applicants. Only CDBG non-entitlement cities and counties are eligible to apply for funding. This rule is a federal grant requirement and remains the same as past years. Lane County is the eligible applicant for all projects that serve unincorporated communities and individuals in unincorporated areas of the county. OECDD released 2000 Census results last year for low and moderate-income communities. As in past years, Lane County does not qualify countywide for CDBG funding. Each project must be approved for the specific population being served. In 2003, Lane County Community and Economic Development program completed an income survey that qualified Blue River (inside water district boundary) as 70 percent low- and moderate-income. In 2004 Mapleton water district service area qualified for CDBG funding and Lane County received \$750,000 for water system improvements.

B. Analysis

The *Oregon Community Development Block Grant - Small Cities Program* is funded with federal funds and has between \$16 and \$17 million to spend this year state-wide on projects that meet one of the federal Housing and Urban Development (HUD) national objectives to serve low and moderate income people, eliminate slums and blight, and that are determined consistent with CDBG guidelines. The public hearing is to receive comments on community development needs, specific project that may meet these needs, and comments on Lane County's performance of CDBG programs. As an example of a recently closed project, Attachment B, describes the results of Lane County's second housing rehabilitation grant.

Eligible Project Categories and Funding Levels. The state of Oregon has established the following priorities for CDBG funding: community and public facilities, public works, regional housing rehabilitation, public works infrastructure for new housing, emergency projects, Section 108 loan guarantees, grants for float loans for interim financing, and technical assistance grants. Community Facility project rules provide for project funding at two levels: 1) important services for low and moderated income persons, and 2) higher funding of projects that serve people with urgent or life-threatening situations. Housing Rehabilitation guidelines are administered by OHCS and remain substantially the same a last year. Technical Assistance may be provided by OECDD to improve local government capacity. Public Works planning, design, and construction rules are substantially the same as in the past. Emergency, Section 108 (Brownfields) and other specialized categories are very narrowly defined and will require careful evaluation of eligibility. Economic

development projects is a category with 10 percent of funding targeted.

Opportunities for Funding. In addition to general community development needs, specific project proposals may be presented in the public hearing. The Board may choose to list such projects for development. Projects have the best chance of funding if they are listed as a county priority and focus primarily on benefit to low and moderate families in the unincorporated areas of the county.

In recent months, several projects were identified for possible funding, including: 1) housing rehabilitation in unincorporated areas adjacent to Oakridge and Florence. The Regional Housing Rehabilitation Program (RHRP) policy committee through St. Vincent De Paul is supporting applications by Lane County and these two cities; 2) Blue River Water District is interested in funding water system improvements. 3) The Lane County MicroBusiness Center is interested in extending services to more areas of Lane County. Housing rehabilitation projects serve 100 percent low-and moderate-income families. Water system improvements in areas that qualify for CDBG community-wide funding, meet a public health and safety need. Business development is a high priority identified in the Oregon Business Plan.

C. Alternatives/Options

This is a public hearing for the Board to consider community development needs and potential proposals that will principally serve lower income people in Lane County. Following the hearing, the Board may:

- 1) Adopt the Order directing staff to list and develop a specific project, or projects, for 2005 CDBG funding.
- 2) Direct staff to explore or develop more than one project and schedule a work session for the board to make a final selection of CDBG application(s).
- 3) Determine not to apply for CDBG funding in 2005.

D. Recommendations

It is recommended that: the Board hear from the public on the required subjects: 1) community development needs, 2) specific projects that meet community development needs, and 3) Lane County's performance on current or recently completed CDBG projects. Following the public hearing the Board may discuss the comments and recommendations and provide staff with general directions, or specific project development priorities, as appropriate.

The ORDER directs staff to develop the listed CDBG housing and community development projects. Additional projects may be added to the Order if the board so directs. Project applications will be returned to the Board of Commissioners for approval

when they receive approval from OECDD or the opportunity to apply for funding.

E. Timing. Projects may be applied for in the coming year as OECDD offers to receive an application or as Oregon Housing and Community Services Agency announces deadlines for housing rehabilitation applications.

IV. IMPLEMENTATION/FOLLOW-UP

The list of projects approved by the Board, based on testimony at the public hearing, will provide guidance in developing applications for CDBG funding in the 2005.

ATTACHMENTS

ORDER

A – Public Notice

B - Housing rehabilitation grant closeout narrative (H010004)

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER NO.) **PUBLIC HEARING AND ORDER/IN THE MATTER OF**
) **RECEIVING COMMENTS FROM THE PUBLIC ABOUT**
) **COMMUNITY DEVELOPMENT NEEDS, PROPOSED**
) **PROJECTS TO MEET THESE NEEDS, AND LANE**
) **COUNTY'S PERFORMANCE OF COMMUNITY**
) **DEVELOPMENT BLOCK GRANT (CDBG) PROJECTS**

Whereas, Lane County is an eligible applicant for the Oregon Community Development Block Grant (CDBG) program, and

Whereas, the Board of County Commissioners has held the required public hearing to receive input on community development needs, specific projects that will meet these needs, and Lane County's performance using CDBG funds, and

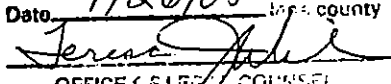
Whereas, the Oregon Economic and Community Development Department and Oregon Housing and Community Services Agency annually invite project proposals from eligible applicants, and

Whereas, Lane County CDBG projects will have the greatest opportunity for funding in the coming year if they are included in a listing of county CDBG projects for development, NOW, THEREFORE,

IT IS HEREBY ORDERED that the Community and Economic Development staff shall develop the following CDBG projects for funding as they are qualified by Oregon Economic and Community Development Department and Oregon Housing and Community Service Agency for CDBG application(s): Blue River Water System Improvements, Lane County Regional Housing Rehabilitation Program, and economic development projects that promote job creation and provide for small business development throughout the county.

Signed this 4th day of May 2005.

Anna Morrison., Chair
LANE COUNTY BOARD OF COMMISSIONERS

APPROVED AS TO FORM
Date 4/26/05 lane county

OFFICE OF LEGAL COUNSEL

Public Notice and Notice of Public Hearing

Lane County is eligible to apply for Community Development Block Grant (CDBG) funds from the Oregon Economic and Community Development Department (OECD) and Oregon Housing and Community Services (OHCS). CDBG funds come from the U.S. Department of Housing and Urban Development (HUD). The grants can be used for community/public facilities, public works, economic development, housing rehabilitation, and regional housing centers, primarily for the benefit of persons with low and moderate incomes. Approximately \$17 million will be awarded to Oregon non-metropolitan cities and counties in 2005. The maximum grant that a city or county can receive is \$750,000. The county is considering an application for CDBG funding from the state of Oregon for eligible community facility, public works, or housing projects that principally serve low- and moderate-income people.

A public hearing will be held by the Lane County Board of Commissioners at 1:30 p.m. May 4, 2005, in the Board of Commissioners Conference Room, 125 E 8th Avenue in Eugene. The purpose of this hearing is twofold: 1) for the board of commissioners to obtain citizen views and to respond to questions and comments about community development and housing needs, especially the needs of low- and moderate-income persons, as well as other needs in the community that might be assisted with a CDBG project, and 2) for the board of commissioners to obtain citizen views about the project(s) that were recently completed or are in the process of being completed, and to take comments about the local government's performance, including: Lane County regional housing rehabilitation program (Grant numbers H010004 and HR 410) and the Mapleton Water System project.

Written comments are also welcome and must be received by May 3, 2005 at the County Administration Office, 125 E. 8th Avenue, Eugene, OR 97401. Both oral and written comments will be considered by the board of commissioners in deciding whether to apply. The location of the hearing is accessible to persons with disabilities. Please let Zoanne Gilstrap, in the County Administration Office (541-682-4203) know if you will need any special accommodations to attend or participate in the meeting. More information about Oregon CDBG and records about the county's past uses of CDBG funds are available for public review at the County Administration Office during regular office hours. Advance notice is requested. If special accommodations are needed, please notify Peter Thurston at 541-682-4062 so the appropriate assistance can be provided.

Permanent involuntary displacement of persons or businesses is not anticipated as a result from prospective CDBG projects. If displacement becomes necessary, alternatives will be examined to minimize the displacement and provide required/reasonable benefits to those displaced. Any low- and moderate-income housing which is demolished or converted to another use will be replaced.

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5/1/05

←Ad to be published in Register Guard

Part A Narrative Completion Report H010004

This \$150,000 grant to Lane County Regional Housing Rehabilitation Program originally targeted 18 households in the 79th Street Homeowners Association subdivision, and was designed to address the health and safety issue caused by low water pressure and inadequate well water. The grant was intended to provide homeowners with loan funds to hook individual qualified owners to water system improvements provided by SUB. SUB was to be responsible for bringing municipal water to the subdivision, and loan funds were to cover the cost of hook-ups to qualified households. SUB has not begun the water system upgrades. After extensive marketing, four Association meetings, numerous mailings and individual visits, only two qualified households expressed an interest in CDBG loans. Because of the lack of interest and SUB's delayed construction schedule, the focus of this grant was shifted to the Marcola area.

The Marcola area has been identified as an area of poor water quality and failing septic systems. The CDBG Rehabilitation loan Program was heavily marketed in the area through flyers distributed in utility bills, through local schools and door to door. Initially 4 applicants were identified. None of these applicants ultimately qualified for rehabilitation loans. Poor water quality and failed septic systems remain a problem to be addressed in this area.

After a request for Grant Modification to the State, these funds were expended on 5 households with extreme health and safety needs, thus preserving the initial intent of the grant request.

Three of the five assisted households had incomes below the federal poverty rate.

Two households served had incomes below \$7,000 per year. In both of these cases, the dwelling units were so deteriorated that rehabilitation was impossible. In these two cases, dwelling units were replaced with rehabilitated and weatherized mobile homes. Both householders are disabled and would not have been able to maintain alternative housing.

In one case, CDBG loan funds were combined with a Rural Development Grant of \$7,500, \$3,000 in weatherization and community volunteer hours. This loan recipient now has a new trailer, and is able to use her wheelchair in her home.

The three additional loans were made to households with significant health and safety hazards. Loan funds addressed spilled fuel oil causing health problems for the children in the home. RHRP funding was able to work with Lane County Housing Authority to address water leaks so severe that standing water was causing electrical shorts throughout the home. Fire caused by electrical shorting was a real danger for this household of 7. In addition, standing water and moisture had fostered the growth of mold throughout the home. Our final loan with this grant was made to a single mother with two children. The home was in poor condition, with substantial dry rot. Rotten floors and walls had allowed rats to invade the home. The invasion was so severe that all insulation was soaked with rat urine, posing a severe health risk for the family.

All five households served by this grant had situations in their homes, which posed serious and dangerous health and personal safety risks. Funding allowed us to address all of these issues, and have provided these households safety and equity protection for years to come.