

2020 CDBG Best Practices Webinar Series

Leveraging CDBG Funds, 11/19/20

James Höemann: Hello. I'm James Höemann, the Director of the Entitlement Communities Division. Thank you for joining us for the webinar series, CDBG Best Practices. I want to take this opportunity to thank the panelists today who agreed to share their creative strategies on leveraging CDBG funds.

The goal of this series is to provide a platform for our grantees to learn from each other and share useful program models that could be adapted to fit different grantee needs. We hope that this series and accompanying CDBG best practices report will assist our grantees in identifying and replicating successful CDBG strategies.

As part of the Senate appropriations committee requests, the Office of Block Grant Assistance at HUD headquarters was asked to put together this series together with focus on four specific areas, prioritizing greatest needs activities, grant oversight strategies, reducing CDBG admin costs, and today's topic leveraging CDBG funds.

In an effort to encourage peer to peer learning among CDBG grantees, HUD will have these webinars posted on the HUD Exchange so they can be viewed and shared widely. In addition to CDBG best practices report, HUD is preparing for Congress will also be posted, so that it can be shared with the grantees and their staff. Thank you, and I hope you enjoyed today's webinar.

Carrie Kronberg: Thank you, James. Good afternoon, everyone. My name is Carrie Kronberg, and I'm with ICF, and I will be moderating the webinar today. As James mentioned, it's the last session in a four-part series on CDBG best practices, and the intent of the series is to learn from our peers about their strategies and CDBG program administration.

Today, we will hear from communities across the country that creatively leverage their CDBG funds and programs to expand their impact. So I'll start with a brief introduction of the panelists, and then they will each tell us about their program models. We'll have time at the end for questions and answers, so please don't forget to submit your questions through the Q&A box.

Our panelists today are Brent Childers and Nick Cook from Bowling Green, Kentucky. Brent is the director and Nick is the Grants Coordinator of the Neighborhood and Community Services Department. Then we have Rebecca Edwards from Greenville, South Carolina, and she is the community development financial coordinator. And finally we have Angela Durant from the city of Medford, Oregon, and she's the principal planner, the housing and community development division.

And at the end, we have a contribution from the city of Camarillo, California, but they were unable to join, so I'll quickly go over their leveraging strategies following the other panelists. And now we have a poll question. Okay. So the question is, just to get a sense of who is on the

webinar, and what kind of communities you represent, what is the size of your most recent CDBG allocation? You answer in the poll box on the right, and then hit submit please.

Male Speaker: The poll will be closing in 20 seconds.

Carrie Kronberg: Okay. We have our answers, and it looks like the majority of folks who responded are from larger communities that get more than \$1 million. But we have also represented communities all the way from the spectrum down to \$300,000. So now we'll transition to Bowling green, Kentucky, and I'll introduce Brent Childers and Nick Cook.

Nick Cook: Hello everyone. My name is Nick Cook. I'm the grants coordinator for the city of Bowling Green.

Brent Childers: I am Brent Childers; Director of Neighborhood Community Services and we'll be sharing the [distorted audio].

Nick Cook: All right. So Bowling Green is located in South Central Kentucky. We are off of Interstate 65, almost directly centered between Louisville, Kentucky, and Nashville, Tennessee. We have a population of 70,000. We are home to the Western Kentucky University Hilltoppers, you can see a picture below of our campus.

We're also home to the General Motors Corvette assembly plant, and also the National Corvette museum, which you can see there in the picture on the bottom right, which is also the home of the infamous [inaudible] on news several years ago. We are a growing community. We have averaged about two percent growth per year for about the last 30 years. So as we continue to grow and expand economically, and also by population. At this time I'll pass it off to Brent.

Brent Childers: So let's talk a little bit about our CDBG program. So we're still relatively new into the CDBG entitlement community after the 2000 census is when we hit our population threshold. So we, actually, we started receiving funding in 2003. I came to the city in 2010. Nick came in 2015.

So at the time, whenever I came, we used an agency application process, and we just didn't feel like it was producing the results that we wanted for the community. We didn't feel like we were really achieving the change that we wanted to see. So in 2014, we completely overhauled everything.

We changed our whole process, but the real focus on neighborhood redevelopment. And we really wanted to target longstanding change in some of our more difficult to develop neighborhoods. So we created the Bowling Green Re-Investment Area, and the picture in the lower right, you can see a portion of that.

It's a six census track area. That's our downtown west end of Bowling Green. This is going to be your highest concentration of oldest housing stock, minority populations, highest concentration of low income populations. Just a lot of need for community redevelopment. And so we identified that area as this is where we're going to focus. This is where we're going to spend our

time. This is where we're going to spend our energy. This is where we're going to make investments.

And as part of that, we created the neighborhood improvements program. And the neighborhood improvements program has really set out to take one piece of this larger area, one piece at a time and make those longstanding changes and really use CDBG as that annual funding source. The money that we get every year, we're going to put into this area, but also use it as a way to leverage other funding sources, so that we can affect the change and make those long-term investments that we know are needed in these neighborhoods.

And so we do that through the process of which I'll go through, give you an idea. We just have the poll question that our average CDBG allocation is about 600,000, kind of give you an estimate on how big of an entitlement we are. So to do that, we had to build the vision. We were completely changing the entire process.

We knew that we had to get support, so we went to our city manager. We went to our elected officials to get that support, and then they bought in. We got that support, and they agreed to contribute \$200,000 in local funds annually. So local tax dollars go into our program, our neighborhood improvements program, and what that really gave us was flexibility.

CDBG is in -- is flexible for a federal fund, but it still has some limitations on what you can do and the things that we wanted to achieve. We knew we needed another pot of money to do the things that we needed to do. And as part of our CDBG, we set aside about 80 percent of the other 20 percent of use for admin and fair housing.

So we invest 80 percent of our CDBG, and our local funds, and neighborhood improvements where the focus on creating economic opportunities, better residential environments and addressing housing issues. Now, I'll talk about how we go about that real quick. We use a two-pronged approach, one using city staff. So we have staff change as we go into a neighborhood area, and our neighborhood areas are generally maybe a census block group or two census block groups really focusing in on that neighborhood level.

So we'll have two police officers, two firefighters, two parks and rec, two public works, two code enforcement, Nick, myself, our neighborhood services, our international liaison. So because each of us interact with our neighborhoods very differently and uniquely, so we each bring a different perspective.

And so while the city staff are going through, they're developing project ideas. They're coming up with, what are things that we could do to make improvements to this neighborhood? But at the same time, we're hosting the public input side. And the picture to the right, you can see one of the public meetings; that's me standing in the foreground, and Nick in the red shirt in the background talking to people.

So we host neighborhood meetings. We go and sit down and have interviews with long-standing neighbors, business owners, pastors. We ask them their comments, their ideas. We ask them three simple questions. What opportunities do you see on public property? What opportunities do

you see on private property, and what do you like about your neighborhood? To just start it from a positive tone, and that this is what creates the project ideas, and then we prioritize from there.

But also, we wanted to take that and leverage more than just our neighborhood improvements. We wanted to leverage that vision for neighborhood re-investment. So we worked and got an NRSA, Neighborhood Revitalization Strategy Area plan adopted by HUD, which gave us some additional regulatory flexibility to do the things we want to do.

Then we use that plan, the data, all the tools that it took to take that and get that approved to use as the background for other additional grants that we've been after. So we've gotten an additional \$300,000 from EPA for a Brownfields [ph] program. \$1.1 million from FHWA for transportation improvements, and \$750,000 from National Park Service.

And all of this is in the last six years. Also with the Tax and Jobs Cut Act a few years ago, a portion of our BGRA was approved as an opportunity zone. So we've talked about how we go about the process, but also how we leveraged that vision for neighborhood reinvestment to bring about other projects, and then we'll talk through what that looks like.

So since 2014, we've been able to rehab the exterior of 277 properties. Down below, you'll see an example of a before and after of a house in a neighborhood not far from our office, where they received \$5,000 mini grants to do exterior rehabs. So we've been able to do that on 277 different properties within that neighborhood improvements program.

We've been able to improve 7,700 feet of sidewalk, giving an example to the right, you can see a well-worn path where people had been walking, but no sidewalk exist, and we were able squeeze a sidewalk in there to just meet the needs of the neighborhood. So we had that flexibility to go at that neighborhood level and make improvements, the day-to-day improvement.

Also been able to create affordable -- 40 affordable housing units, and invest another 183,000 in road improvements and \$790,000 in park improvements because we see parks as a part of the neighborhood. And really looking at how a park interacts with the neighbors around it and then, and how that builds community, and how that builds a stronger neighborhood.

So talk about some of the leveraging on the CDBG side, and just the last six years, we've invested about \$3.1 million in CDBG, and through the neighborhood improvements program. The city's put in another 1.4 million, but through our partners, we've been able to bring in another \$2.5 million, and this is just through the CDBG neighborhood improvements program.

A lot of that came from the project at the top on the right where you see the excavators and a house. This was probably our largest leveraging project to date. The city invested \$500,000 to extend a road with infrastructure and utilities and Habitat for Humanity's local office is going to build 30 affordable housing units there.

So for our \$500,000 investment, we're getting about \$1.5 million worth of match invested back into the community, and another 30 affordable housing units created. Talk about how we bring

things together that -- to connect, and the lower left is an example of where we built the sidewalk through a neighborhood.

And then connected it to one of our large parks, and built pathways through the park, so that residents can easily walk to the park. Parks and rec at the same time was making some major park improvements investments, but also what we did was created a pathway through the park. And so now residents in the neighborhood can easily walk to shopping, education, jobs, things that before were not there.

But since we were on the ground and being able to do the flexibility through the projects that we want, we've been able to bring those things to fruition. And you can see the breakout just in our neighborhood improvements where CDBG is providing less than 50 percent of the funding necessary to go through, and do these projects to make these investments, to make these improvements for the long-term impact of the neighborhood.

So talk about how we're leveraging the annual NIP to the broader sense. Since 2014, we've been able to secure an additional 10,000 feet of pedestrian improvements and another \$2.25 million park improvements. So those are the -- some of the grants that I was talking about earlier. We're going to invest about \$2.25 million into 70 acre park along the River Front that joins our BG reinvestment area to really breathe new life.

And we're looking at this as a catalyst project for redevelopment and reinvestment in some distressed areas. And then in the lower left is a concept picture of a large, probably mile and a half, two mile pedestrian improvement we're doing through our local housing authority, connecting our downtown to some of our other park facilities.

These projects wouldn't be here, wouldn't be possible had we not done the investments through neighborhood improvements and done the NRSA to use as the backstop and the leverage to move some other projects forward.

Nick Cook: So in summary, using the Neighborhood Revitalization Strategy Area plan, and the city's commitment to the Bowling Green Reinvestment Area, we have secured almost \$13 million. So you can see from the below graph that of that amount, CDBG, which are we seeing there in blue, really only represents about 25 percent.

So really, we feel like getting that NRSA designation and having that city commitment to the BGRA has really enabled us to be able to secure all that extra funding. And one of the big things we want to emphasize here is when you have a data-driven plan with citizen input, it can be a very powerful tool to go out and leverage additional funding in addition to your CDBG funding.

Brent Childers: SO that's really the last of our slides. I've got a couple of questions here in the Q and A that I'll go ahead and try to address. One of the questions about income certification for the exterior improvements. So that's where our local funds really provide us the flexibility. We have, since we are an NRSA, the whole area is considered low mod. It was already headed on the census level anyways.

But we're using our local funds to do the exterior improvements program, or a PPRP is what we call it. We did it the first time with CDBG and really ran into some regulatory barriers. So we changed our approach and using our local funds for that program. We do \$5,000 per property if you're a homeowner, and you live in the house at your principal residence, then you can get the full \$5,000.

If you're a landlord, you have to spend \$6,250 to get reimbursed \$5,000, so it's an 80/20. And if you're a business, you have to spend \$10,000 to get \$5,000 reimbursed, so it's a 50/50 mix, so that's how we do that. As a part of another question here is about getting projects out and expended in a timely manner.

That was probably the biggest challenge as we started, and whenever I talk about repurposing the entire program in 2014, that was the big challenge, was redirecting this ship in a timely manner and hitting some of our timeline as goals. So that's where we really spent a lot of time in the beginning.

Now we focus on big ticket projects, and to keep things going, so whenever we go in and do a big sidewalk project or big infrastructure project, that way we're spending that down quickly to get through everything. We spent about two years per neighborhood, so what we found is the first year is really a planning year. The second year is the construction year, so that's how we invested through.

Got a question here on lane requirements. On the \$5,000, there is no lane, it is a \$5,000 reimbursement grant. Our focus is making long-term improvements to the neighborhood, and that's how we commit to that. And so if we have to give \$5,000 per property to get the changes that we needed, then we're willing to do that, and we have the support politically to do that. It's all the questions I see. I don't know if we're out of time, or we need to move on?

Carrie Kronberg: Okay. Great. Thank you, Brent and Nick. I think we have a poll question next. So we wanted to ask the participants what strategies you use to leverage CDBG funds. Are you proactive with your state government, are you working with the state and finding additional funds there to leverage your allocation? Do you regularly seek to combine CDBG with other federal sources? Do you use local tax incentives or other local funds to leverage CDBG? Are you doing all of the above or something else? You'll go ahead and answer on the right.

Male Speaker: Poll will be closing in 20 seconds.

Carrie Kronberg: Okay. I'm looking at the responses. It looks like most folks are doing all of the above. So looking at federal state and local sources to leverage CDBG, a number are just doing one of those things, and then about 39 people are -- communities are doing something else. Thank you. And now we'll move on to Greenville, South Carolina, and Rebecca Edwards.

Rebecca Edwards: Good afternoon, everyone. It's afternoon where I am. Again, I'm Rebecca Edwards, I'm with the community development division with the City of Greenville. So with a population of just over 70,000, the City of Greenville is a thriving and diverse community. We're very much known for our downtown and our Falls Park Bridge as you can see pictured.

Annually, the city receives between \$700,000 and \$800,000 of CDBG funds and between \$200,000 and \$300,000 of home funds. Due to a rapidly increasing population, robust and desirable downtown and industry growth, affordable housing has become a top priority in Greenville. An affordable housing assessment and strategy that was completed in 2016, found that there were more than 2,500 low income households than available low cost rentals in Greenville.

So using those findings and the recommendations in that report, our division placed higher priority on the production of affordable housing, preservation of affordable housing and property acquisition for affordable housing development. In the next few slides, I have three projects that deal with the property acquisition of our CDBG funds. Each of these are in different neighborhoods that we focus our efforts in.

So the first one I wanted to share with you all is the Habitat for Humanity Mulberry Street development. The City of Greenville had previously purchased two parcels at about 0.43 acres for \$75,000 using CDBG funds. We then demolished the current dilapidated structures on those parcels for \$12,000.

These parcels were later purchased by Habitat as part of an infill development RFP process, and then divided into three lots for three-owner occupied single family homes. The homes were then sold to families at 80 percent AMI or below, and we also coupled that with our down payment assistance at \$10,000 per buyer.

So it's private investment and Habitat's own investments. For every \$1 of public investment, nearly \$3 of private investment was raised. We really try to focus on marketing news developments and highlighting the good work that our partners do. So I do have a link to our website with the per project profile sheets that you should be able to download.

The second project is our United Housing Connections Urban Street Development. United Housing Connections is a local nonprofit that aims to build affordable housing for clients coming out of homelessness. The organization is also the housing agency for our upstate continuum of care. So again, the city used CDBG funds to purchase the parcel about 0.17 acres for \$25,000.

And we also used general funds again to demolish the dilapidated structure of about \$5,000. United Housing Connections, then used city home funds and continuum of care grant funds to construct the one stack duplex. The project leveraged \$3 of other investment for every \$1 of city investment.

Another thing to highlight about this project is, United Housing Connections was able to connect with a local realtor and purchase staging furniture for their homes at an extremely discounted rate for those families coming out of homelessness. This project is really a favorite of mine. Those of you in this industry know it's not just the numbers and the financing, but the faces behind these projects that make them worth so -- worthwhile.

So above, you see the little girl on her bed. This is actually the young tenant that was moving into the unit. We had a ribbon cutting ceremony, and she was very excited to tour people around her new home. So again, we have a project profile sheet that you can download as well as a YouTube video of the ribbon cutting.

The last project is a partnership with Habitat for Humanity and Homes of Hope, or Joshua's Way Development. Although this development does not have CDBG funds particularly in acquisition of property, there was some CDBG funds, and that -- and this is one that we really love to spotlight because of the partnerships that were formed.

The development included partnerships across Greenville house -- Greenville's housing spectrum, nonprofit developers, the city, the faith community, private financing agencies, the neighborhood association, and our Greenville housing fund. The project began with a local neighborhood church that owned several parcels of land that you can see pictured in the map above. Prior to this road cutting through the development was not there, and they really had no plans of development or anything to do with that tract of land.

So they did approach the city and our nonprofit partners to donate the land for affordable housing development, so we were able to do seven single family homes and three duplexes. So Habitat for Humanity developed six single family homes for sale, but you can see on the backside of the development, the top right-hand corner house is actually under construction now.

We also coupled that development with our CDBG down payment assistance as well. The front properties, whereby Homes of Hope, another local nonprofit affordable housing partners, so those were seven rental homes for seniors that was developed with \$200,000 of home construction funds.

The city also put in a public private partnership grant for site work, which included water, sewer, sidewalk, as well as constructing that road that you see. So for this in total, for every \$1 of public investment, nearly \$2.25 of private investment was leveraged. My only concluding statements is really in addressing Greenville's ever rising affordable housing needs with limited local resources and federal funding, necessitates a wide array of community partnerships, which I hope you see in all of those.

Fortunately, our community has active neighborhood associations, non-profit communities, affordable housing developers, both nonprofit and private as well as faith communities dedicated to this initiative. Our division really tries to work and sustain these valuable partnerships and trying to leverage those small pots of money that we do have.

Carrie Kronberg: Great. Thank you, Rebecca. We have a couple questions here. I understand that Greenville has a pretty stunning downtown, and we got a question asking about the park in the first slide with the footbridge. Can you talk about that and maybe a little bit about Greenville's downtown?

Rebecca Edwards: Yeah. So we definitely do have a worldwide recognizable downtown. The part that you were looking at in that slide was Falls Park. It's the one with the waterfall and as

well in the footbridge. I believe there is actually a road that can -- that cuts through, that was a lot of traffic, and you couldn't really see the waterfall a long time ago.

The road was deconstructed and a footbridge was then put on there as well. We definitely have a thriving downtown and several neighborhoods that we focus our HUD dollars and surrounding the downtown as well.

Carrie Kronberg: Okay. Great. And then just on the first project that you highlighted Mulberry Street, what national objective did you use? It looked like you use CDBG funds to acquire the property, but then did some demolition, and then Habitat came in and did construction. What national objective did you use for that program? Do you remember?

Rebecca Edwards: I believe it was probably with Blight Removal. We have quite a few properties that usually had dilapidated structures with owners that were not in town and probably not in South Carolina. So we do work with our codes enforcement department, identifying those to see if we can purchase them. A lot of times they're getting fined for various things, so if we can take them off these owners hands, and then develop affordable housing, it's a big win for us.

Carrie Kronberg: Great. Thank you very much. I think now we'll transition to Angela Durant from Medford, Oregon.

Angela Durant: My name is Angela Durant, and I am a Principal Planner for the City of Medford Housing and Community Development Division. I also manage the city's CDBG program, and I'm happy to be able to share with all of you here today some of the groundbreaking work Medford has been doing over the last 18 months to help better utilize our CDBG resources as a foundational resource to cultivate new local resources and bring in outside resources as well.

The City of Medford is located in Southern Oregon, down here by this little red dot in the lower left. We've been in entitlement jurisdiction since 1989. Our most recent award was just over 735,000 to serve a population of over 82,000. The problem that our city has been diligently trying to address over the last decade is a deficit of affordable housing and strategies to address homelessness as most jurisdictions across the nation.

This has become a priority for our area. The upside down triangle illustrates the current immediate need for housing. According to our most recent CHAS data, the city we are in a deficit of just over 3,400 affordable units for households earning at or below 50 percent of the area median income.

And according to most recent homeless management information system data, we need 719 affordable units for households earning at or below 30 percent of the area median income today, to help transition these households out of transitional programs that we have a bottleneck in our community and get them into housing.

They have vouchers, or they have income that will sustain long-term housing at an affordable rate. And then we're in need of 293 units of permanent supportive housing for our homeless

community members who will never be able to sustain housing on their own. So this being a daunting task, we started looking at just different ways to help use CDBG as a foundational resource.

And we use the regulatory arena and the priorities that were developed from that program to in a sense implement a new model, which focuses more on strategic community investment. This is referred to as the capital absorption model, and there are really three core functions to this model that it's important to say that they're all interdependent on each other.

And that as a government, we are -- we need to practice looking at these functions on an ongoing basis, and so that's the best practice that we're incorporating. Every year, our council talks about priorities and looks at ways that they can help move the dial. So the first function is aligning, or developing strategic priorities. And what we've done a lot of work on over the last 18 months is working with our partners, and other potential funders to align our priorities with theirs, and to help build this shared vision, to help shape investments in our community.

And then after that, we started looking at, or we have been looking at ways that we can create an enabling environment as a government entity through the adoption of policies, processes, incentives that will facilitate a stronger community investment using our CDBG dollars. And then those investments will then support, and the idea is we'll cultivate enough projects to realize the strategic priorities that we've established as a community or a region.

And it's important to use the word enough because that's what we were facing as a CDBG entitlement jurisdiction. We weren't getting enough projects in the pipeline to really -- to move the dial on housing or homelessness, and so we needed to implement a new strategy to how we viewed our CDBG investment.

The other inspiration behind where we're at today is the completion of a homeless system action plan. And we used to -- CDBG funds under \$25,000 of our program, admin and planning, allowable allocation to complete this plan with a consultant. And we worked with over 100 stakeholders to develop the plan.

It contains five goals and 32 actions with timelines that we will be completing through June 30th of next year. And really it was a tipping point for our community in a sense helped us to move from a state of awareness to action. We were struggling as a city trying to answer these questions from our residents and our partners as to, what is the city's role in addressing homelessness?

Our region didn't know much about the continuum of care, and how the city was coordinating with the continuum of care. We didn't have a lot of solid data, and we didn't really know how exactly CDBG was helping outside of siloed projects on coming up with this more collaborative system to addressing housing and homelessness.

And we're now operating in a state of action. We have a defined city role. We have established priorities. We've increased funding and undergone some policy changes. We're looking at data on an ongoing basis in partnership with our CFC, and we're in charge, or we're really leading the charge on improved collaboration and outreach and new partnerships.

This here is a slideshow, is what I refer to as our funding platform, and how we've been increasing to incentivize leverage. The CDBG program has been the foundational resource for what we're doing right now. In the past, CDBG would be administered through my division, and that was the only funding source.

So we worked in silos with other funding that might be available in the community or in other departments. And we now manage or administer 2.65 million, and we have taken under our belt the General Fund Grant dollars of 300,000, a biennium and city operates on a biennial basis. And that funding source was used for essential safety net services, and has been since 1994.

But the CDBG program didn't know what the General Fund Grant program was doing, so oftentimes the same programs would be funded with dollars from both programs, and we weren't getting a lot of strong performance from that. So we merged that funding program in with CDBG as far as the platform, and then our city council allocated \$150,000 of new funding through the general fund to implement the homeless system action plan, which has been key to making some great things happen over the last year.

And then we adopted a construction excise tax, which has been building a fund through the revenue called the Housing Opportunity Fund, and that's about at \$800,000 a year. So now we have this funding platform that we're -- it's now more transparent to our community. And now we have moving into establishing priorities within each funding source. You'll see how this platform can be better utilized for our community partners.

And it was all started based on our obligations as a CDBG entitlement jurisdiction as to the questions that we all answer in our caper document, like how we are truly doing things. And this has really been pivotal for us up to a tipping point because we now are able to address those questions within -- with intention.

So the next slide here shows how we've established local priorities, and these are those four funding sources that I just mentioned earlier. So the Housing Opportunity Fund in red it's the construction excise tax. 100 percent of that funding is dedicated to development or redevelopment of affordable housing. The CDBG program, we maintained our traditional approach to administering those dollars because of buy -- to gain, buy-in from our partners that we were creating this platform and merging all of these funding sources.

So we used 20 percent for program admin, and 15 percent for public services. And then the remaining 65 percent is open competition because as our city council established priorities, and housing and homelessness, we didn't want to stifle projects like parks development, public facilities, streets, roads, and economic development.

So that remains the same under open competition under CDBG guidelines. Our General Fund Grant program has been split 50/50 since we made this change. Fifty percent remains in the traditional -- with the traditional priority of essential safety net services. But 50 percent is now dedicated to housing stabilization and rapid rehousing programs.

And we've been able to fund programs now that might not be capable, or have the capacity to administer a federal grant. So rental assistance, transportation, childcare, and we've -- we were able to recently fund a permanent supportive housing project for the first time in our city's history, so this has helped.

And in the Homeless System Action Plan funding, that small \$150,000, we allocated most of that to develop a partnership, I'll mention in a moment, a small percentage of seven percent to do some planning work on some of the struggles that we were having, and we're still having in our community on the distribution of goods and services to our homeless community members.

And then 33 percent to help reunify certain individuals that have safe place to go and would like to be reunified with their family or support systems outside of Medford under the right circumstances. So it's important to say, as we were developing those priorities, we were working really hard to build a shared vision to capture leverage, so establishing the foundation.

We looked at local, state, and federal plans that were developed and made sure that what we were prioritizing aligned with those other plans. So one of the -- an example of a local plan is the All In For Health, the community health improvement plan, which is basically the Medicaid dollars funneled through our coordinated care organizations.

And now, our consolidated planning process aligns with as much as possible with what they're trying to do. We have shared goals and strategies, and we feel very aligned so that our funding, and their funding can align well in the future and leverage -- provide leverage for each other. We looked closely at the Oregon Statewide Housing Plan and made sure that we aligned with that plan as well.

We actually adopted some performance measures from that plan. So for their homeless -- homelessness program, they have a performance standard that 85 percent of those funds or the programs that receive funding, the participants of the program remain housed after six months, so that 85 percent mark.

And we adopted that performance measure with -- within our programs, not just CDBG, but all our programs because now we have this funding platform. And then of course, we always look at the federal strategic plan to end homelessness as we're working on homeless strategies. What this has done by establishing priorities and alignment with other plans, is really has helped us strengthen that enabling environment I was talking about.

So I just listed four examples here. We've been working on housing strategies over the last several years with the Housing Advisory Commission, and they recommended 19 housing regulatory strategies. And over the course of the last 18 months, our city council has adopted, or our planning department has drafted 14 of the 19 housing strategies.

And this has been important because it's nice for my division to be in with the planning department because we talk about these issues on an ongoing basis, and work together to solve the regulatory and policy issues that we have locally. Be the things like reducing parking, decreasing the review time for permits and planning, increasing the options for SDC deferral

programs, allowing for certain type of housing development like cottage dwelling, accessory dwelling units, and prefab tiny homes, those types of things.

The other thing we've done is created a chronically homeless outreach partnership with over 24 agencies using that CDBG as seed money. This has been a wonderful program for our community and it's leveraged with CDBG to help with the -- our areas only one permanent emergency shelter, CDBG supports that shelter, and our Medford Police Department for the ability team.

So what they do together is the livability team officers accompany nine uniformed professionals to conduct outreach in our streets. And along our Bear Creek Greenway to develop relationships with homeless community members, one at a time. And then they go back and they meet together these agencies, and they develop individualized plans for elevating these homeless community members into housing.

And this partnership has been amazing and continues to grow. It also helped the City of Medford capture additional leverage from a hospital to lease and provide case management to five -- to five gentlemen living in a cohousing model that had been taken from the streets and through the Kelly Shelter. So that that's been very exciting for us over the last year.

The next two bullets, enhancing our advisory capacity and adopting a construction excise tax, I'll go over in more detail in the next two slides. The advisory capacity piece has been huge for us because prior to this recent -- this more -- this different model that we have implemented, we had one commission of nine members, all members at large administering our CDBG program as an advisory by [inaudible] city council, and trying to solve the housing and homeless problem in our community.

And it was daunting and very difficult for this commission to handle. All they could do was to implement CDBG, and try to do a couple of projects here and there to help address housing and homelessness, but it wasn't this collaborative approach. So now what we have is two separate commissions.

We have a housing advisory commission that administers our housing dollars and implements housing strategies, and as you can see here, it's comprised of experts in the field. Our city council interviews the applicants that would like to be a part of this commission, and they are experts in construction and lending real estate, tenant issues, affordable housing and housing development in general.

So the other side of this concept is that we have a housing services and development commission that works on our funding priorities, and our public service needs, and our homelessness needs. So this commission is comprised of experts in the field of social services, workforce development, budget committee, private business, education, healthcare.

We have the right people at the table trying to solve big issues. So it's important to say, part of a best practice that we've been trying to implement in our -- in the city is that these two commissions meet regularly, or as often as possible and conduct joint study sessions on big

decisions. And they work together to administer the consolidated plan which is also very important.

The next slide is that construction excise tax I mentioned earlier. This is a big leverage that we created to help strengthen our CDBG dollars. And it -- this is the tax that funds that housing opportunity fund that was in red before, that's 100 percent dedicated to development of affordable housing.

It's a local, flexible funding source from tax on improvements to residential, industrial, and commercial, new structures and additional square footage. So statute under Senate bill 1533 allows up to one percent tax on residential improvements, and it's unrestricted on commercial and industrial.

And we realized that there are jurisdictions across the state that have gone up to the one percent and beyond on the commercial/industrial. But in order to create buy-in in our community, the city had to work closely with the building community, and we landed on the adoption of one third of one percent on the improvements, which historically will generate a revenue of about \$400,000 a year. And with the caveat that this could be improved in the future.

So with that, I just want to share a few examples of how this immediately has helped us to begin to build a more robust pipeline, to get enough projects into our pipeline to ensure that we're going to start providing the right type of housing, and be able to produce more with our leverage dollars.

So recently with \$150,000 city investment, we were able to leverage 800,000 of private sector funds, a lot of local contractors, and volunteer, and KindWork, and banks, and businesses to create a new 15 bed youth emergency shelter, which was desperately needed in our community through hearts [??] of the mission.

We were able to invest \$250,000 in city funds to capture \$750,000 in state leverage from the Oregon Housing and community services, and \$580,000 in a local bank loan. And just showing those funders that they have the backing from the city was huge in capturing this leverage, and the project that you see there will serve 16 homeless veterans with permanent, supportive housing, or transitional, depending on what their needs are.

And what we're working on right now which is super exciting as well, is we're working on implementing an accessory dwelling unit development program with \$150,000 of city leverage, we will be able to capitalize on private property owner resources by making this program available to homeowners that have space on their property to build an ADU. We're excited, and our goal is to produce or help support the production of 30 to 40, 80 youths in the next 18 months. So with that, I'd like to thank you and see if there are any questions.

Carrie Kronberg: Sure. Thank you, Angela.

Angela Durant: You're welcome.

Carrie Kronberg: I wanted to ask about that last program you mentioned, so the ADU program. How do you put the -- how do you use that \$150,000? Do you deploy that to leverage the private property owner resources, and how do you market it?

Angela Durant: Right. So what we're actually working on right now, it will be going to council in a couple of weeks to have it finalized and approved. So the \$150,000 comes from the housing opportunity fund. And we could look at leverage from CDBG for the right homeowner if income qualification and eligibility were able to be proven.

But this 150 that I'm mentioning here is going to be used to develop permit, ready designs, so our homeowners will be able to come in to the front counter and look at -- choose from potentially five designs. We already have three finalized, so the city will pay for those designs, so it will save the homeowner money there.

And then each property owner can apply for funds to cover the system development charges that they would be charged to develop the ADU program. And we're also working with a local private developer on a creative way of building the ADUs which will be cheaper and quicker for the homeowners.

Carrie Kronberg: Very cool. There was a question at the beginning of your presentation about where did you get the data regarding your affordable housing needs? Was it only CHAS, or were you blending other information that you had available locally?

Angela Durant: Yes. The top one, the 3,546 at 50 percent AMI, that was taken from our CHAS data, and we worked with a consultant to complete our consolidated plan just recently. And that's the number that was provided through that data. The other two numbers are taken from our coordinated entry system, and as a part -- about the same time, we implemented the homeless system action plan, our continuum of care went through a restructuring process, and a new governance model, and their data tracking has improved immensely.

And so we are able to get data from the coordinated entry system on a daily basis, and the most recent data is where we got the 719. We have people waiting to get out of transitional programs and have their voucher ready. And then in a sense, some of them are actually moving from transitional program to a transitional program to prevent from having to be -- having to go back out on the streets. So that's where that data came from, and the PSH data also came from our homeless management information system and our coordinated entry system data.

Carrie Kronberg: Okay. And one final brief question on the veterans project, just a little bit about the eligibility, are all of those veterans disabled, or who is that project serving?

Angela Durant: So that project will be serving homeless and low-income veterans that are served through an agency called Columbia Care, and so they will be eligible based on their income.

Carrie Kronberg: Thank you. I think, next, we have another poll question. Okay. So for this one, if you know, what is your average leveraging ratio for your CDBG funds? Is it less than \$1, \$1 to

\$3, \$3 to \$5, \$5 to \$10, or more than \$10, or maybe you don't know? You can the answer at the poll on the right. Thank you.

Male Speaker: [Inaudible] seconds.

Carrie Kronberg: Hey, thank you. It looks like the most common answer was folks don't know. So I think that that information can be a valuable tool to promote your programs, and we'll ask the panelists a little bit about that at the -- during the Q and A. Now, I'm going to talk about Camarillo, California. It's a medium sized community of about 65,000 people in Ventura County, which is just North of Los Angeles.

The city is roughly 10 miles from the coast. Their 2020 CDBG allocation was just shy of \$327,000, and CDBG is the only CPD program that they administered directly. They access local home funds, buy it through a county wide consortium, and they collaborate with the Ventura County continuum of care in their work to end homelessness. And for anyone not in the coastal city or in California, the median home price in Camarillo is about \$650,000, so there's possibly some sticker shock there.

So they, in Camarillo, they largely use their CDBG funds to preserve at-risk affordable ownership units as well as to serve low-income homeowners with rehabilitation. But in their preservation program when homes with expired use covenants come up for sale, they exercise their first right of refusal to purchase the units. Then they update the affordable housing agreement covenants and resell the homes to an eligible buyer.

Those updated covenants are for a term of 55 years, and every time the house resells to a new buyer that 55 year clock restarts. So the intent is that the homes will remain affordable in perpetuity. Camarillo also revised the calculation to set the resale value based on area median income.

It had been tied to the consumer price index, linking it to income ensures that the homes remain affordable to qualified households because the CPI and area median incomes can diverge. Finally, once the affordability covenant is revised, the city markets then sells each home to an eligible buyer at an affordable price, and then repays the loan from the General Fund while leaving the CDBG in place long-term.

Okay. And then the way that they support first-time home buyers is, they also have a down payment assistance program and that leverages CDBG funds with other resources available to this group, as well as the homeowners, homebuyer's first mortgage borrowing capacity. And then another way they leverage their efforts is by consolidating information and providing a one-stop shop to homebuyers in their communities.

This doesn't cost them much, but it allows buyers to identify other tools that they may qualify for it to support their purchase. In this way, they're leveraging their marketing efforts to be a single source of valuable information to low-income homebuyers in the community. And this image on the right is just an excerpt from their information to homeownership in their community.

So with that, we'll look at some of the available resources on the HUD Exchange. So there's CDBG resources available on the main CDBG page. There's also Explore CDBG which highlights other best practices, and provides some one-on-one video modules on specific activities with CDBG.

And then there are also some tools specific to states and that's available on -- at the link on the bottom. So now, we're going to go on to the question and answer session. I wanted to ask about talking to elected officials.

So I think Brent early on mentioned that they went to their electives and their leadership in their community and sold this program change that they wanted to make. And so I wanted to ask about how do you talk to your leadership and decision makers about your CDBG program, and other efforts, and sell them on contributing local funds to the program?

Brent Childers: Yeah. So really, it just happened. Maybe it was just good timing, but I think our focus was really selling on the vision of what we were trying to achieve. They had frustrations with the old process too, so they were open to change so the timing was good. At that time, I had a group of elected officials that had a lot of faith and trust in what we were trying to do.

And so, as we explained this long-term approach, this neighborhood by neighborhood, very systematic, focused strategy for neighborhood redevelopment, they really bought into that. They were open to doing something different. They didn't feel like they were getting the results that they wanted out of our old process.

So as I presented them a new idea, new concept, they were very supportive, very open to it. And they really liked the creativity and the flexibility of it, and really addressing the needs in the neighborhoods. Because when it comes down to it, they talk to neighbors, they hear about things all the time from neighbors about the things that we're addressing.

Hey, why don't we have a sidewalk here? I wish such and such would clean up those houses down the street. Why don't y'all make them paint that house? So they were already hearing things from neighbors that we gave them a solution to, so getting them to buy into that really just happened very naturally and organically.

Carrie Kronberg: Thank you. Angela, do you have anything to say about talking to electives?

Angela Durant: Sure. Similar to what Brent mentioned, our council has been trying to come up with solutions for quite a while. One of the things that we have in the city is, we have really good leadership, our city manager, and how he communicates, and oversees, and connects the staffing with the city council has been very important, and then our planning director also does the same.

And so we have a member from council that serves as a liaison to our housing advisory commission, so that liaison comes to those meetings and hears from a housing perspective what's going on. And we do a very organized process through our advisory commissions doing research, and developing recommendations, and going to city council first through smaller group meetings with council, they're called G3 meetings.

And it's where our city manager actually sets up small group meetings with our council members, no more than three and talks about issues that may be coming to them in the near future. And from there, study sessions are established to where, if we need a study session where they can talk more freely about solutions and things that are going on. And then that's completed -- these are done before we go to council for final approval, and the system has worked very well. And under our new city manager leadership, it's been great because we've been able to move things along much quicker.

Carrie Kronberg: Thank you. Rebecca, do you have anything to add on that one?

Rebecca Edwards: Yeah. I would say probably fairly similar to what Brent said. You have -- we work in about 13 different neighborhoods that qualify for anything to do with our funding. So the neighbors, they called city council and talk about all of these issues, and like I said, with Greenville having such an increase of population, and the interest in downtown, and the industry prices of housing is definitely going up as I'm sure it is everywhere.

So it's really hard for those lower income people to find housing. We have the affordable housing strategy, which recommended some things for ourselves that really got city council behind as well. Through that, we also glazed over it in the last slide, but we do have a Greenville housing fund. So city council did invest between \$3 million and \$5 million over the last couple of years in that housing fund for affordable housing developments. So they're not only investing in our department, but investing in other outside resources as well.

Carrie Kronberg: Okay. Thanks. And there's another question for everyone just about program income. So do you -- do your programs generate CDBG program income, and is that a consistent amount or does it vary from year to year and how do you manage that? Brent, you want to start us off?

Brent Childers: Really don't create program income. We have had a few instances of program income from past investments. And we just incorporate that into the budget as we move forward into the next project area. So we had a sale of property from a prior CDBG grant that generated some program income, we just rolled that into another project. So we're not trying to create program income, but whenever we do get it, we just roll it back into new investments.

Carrie Kronberg: Angela, how about you?

Angela Durant: Sure. We do have a program that generates quite a bit of program income each year. It's a homeowner repair program that is administered through our housing authority, our local public housing authority. And it has been in operation since the early 90s, and over 400 homes have received zero interest, fully deferred loans to address their emergency repairs in their home.

The maximum amount of the loan is \$25,000, and oftentimes -- of course, we put a lien on the property that the lien would need to be repaid if the home is sold, or refinanced, or ownership has

changed in any way within the family. So the program income comes back to the city, and it has been recycled through that program, and that program is a self-sustainable program.

Anywhere from \$40,000 a year at its slowest in program income, and one year we had a return just recently of \$300,000 in program income. So the program, it allows the housing authority to continue to improve our aged housing stock. A good portion, close to 60 percent of our housing stock is 1978 and older, so this is a great program. The city does look at -- the housing advisory commission looks at the program income when it comes back before it is returned to the program. But generally it's always returned to the homeowner repair program.

Carrie Kronberg: Okay. Thank you. Rebecca, do your programs generate program income?

Rebecca Edwards: Several, several years ago, we probably generated much more program income. I think last year, we reported about \$500. Generally, when we do see program income, it's from the sale of a property. But with the increase of land costs for affordable housing, nonprofit developers, they really can't make the development work if they're having to purchase the land from us, or from someone else. So we do try to donate it, but if we do sell the property to a developer, either private, or nonprofit, we typically put that back in our budget and use it for down payment assistance if it's a for sale unit.

Carrie Kronberg: Thank you. Okay. There's a couple more questions that are specific to Camarillo, and so I may have had -- shared those questions with them. But one question, I think I can answer, and that was what agreements are provided to allow for a reset at the fair housing price instead of the market rate?

So from my understanding, they -- while they own the home, they purchase the home that's for sale, and while they own it, they record a restrictive covenant that limits how the house is resold and ties the resale price, and then restarts the affordable -- affordability class each time. And then, the second part of that question is, how has it incentivized?

And I think it's, if it's a community where the median home price is \$650,000, to be able to buy a home affordable to a person or a household at 80 percent of area median income, that's probably the incentive, is to get into home ownership, and own your own home. So I don't see any more questions.

So I think we are ready to wrap up, so thank you for -- to everyone. Thank you to the panelists and to HUD for sponsoring this series, and these will all be available on the HUD Exchange in about two weeks. Thanks.

Rebecca Edwards: [Inaudible] everyone.

Angela Durant: Thank you.

(END)