

**COMMUNITY DEVELOPMENT ACT ADVISORY COMMITTEE
(CDAAC)
SPECIAL MEETING
MINUTES
October 21, 2004**

City Commission Chambers
2nd Floor, City Hall
241 W. South Street
Kalamazoo, MI 49007

Members Present: Pegg Osowski, Chair; Mark Fricke, Vice Chair; Charley Coss;
Doris Jackson; MonaLisa James; David Kinsey, Susan Oakes

Members Excused: Jurel Fullerton, Eric Miles

Members Absent: Bruce Dobben, Tayna Pratt

City Staff: David Thomas, Neighborhood Development Specialist; Amy
Thomas, Recording Secretary

Guests: Ken Dettloff, McKenna & Associates; Greg Milliken, McKenna &
Associates; Beth Broome, Beth Broome Consulting; City
Commissioner David Juarez

PUBLIC HEARING

Ms. Osowski opened the meeting at 6:30 p.m. and introduced Ken Dettloff from McKenna and Associates to give the presentation on the draft version of the Consolidated Plan.

Mr. Dettloff introduced Greg Milliken from McKenna Associates and Beth Broome, housing consultant working with the City of Kalamazoo.

Mr. Dettloff gave a brief presentation on the updated Consolidated Plan and stated that there would be a 30-day comment period on the proposed updates. This is the second and final hearing for direct input on the Consolidated Plan. The Plan will be available for review at the City of Kalamazoo's Community Planning and Development Department, 445 W. Michigan Avenue; the central branch (downtown) of the Kalamazoo Public Library, 315 S. Rose St. and the City of Kalamazoo's website (http://www.kalamazoocity.net/government/departments/cp_neighborhood_econ_dev.php). The comment period runs from October 25, 2004 through November 24, 2004. All comments must be received in writing in order to be acknowledged within the Plan.

Comments are to be addressed to McKenna Associates, Inc., 151 S. Rose Street, Suite 920, Kalamazoo, MI 49007. Document revisions will be done in December of 2004 and the Plan will be on the City Commission agenda for approval in January of 2005.

The priorities of the updated Consolidated Plan are as follows:

Priority #1: A commitment to use the majority of funding for affordable housing which may include the following:

- Housing trust fund.
- Streamline funding process using outcome-based measures.
- Partner with developers to increase production of affordable housing units.
- Provide technical assistance to sub-recipients.
- Take a proactive approach to help residents remain in their homes.

Priority #2: Maintenance, rehabilitation, and weatherization for income eligible homeowners.

- Reinstate housing rehab, maintenance, and weatherization program.
- Continued support of Code Enforcement Department.
- Provide rehabilitation specific to the elderly and disabled.

Priority #3: Infrastructure rehabilitation to accommodate special needs population, including easier access to sidewalks, ramps, and other public rights of way.

- Create strategy to eliminate physical barriers within the community.
- Strategize ways to prevent aging infrastructure from falling into disrepair.

Priority #4: Neighborhood based economic development, community development, and retail development.

- Develop retail opportunities which are neighborhood specific.
- Create incentive based financing for businesses that train income eligible residents.
- Increase curb appeal within the neighborhoods.
- Provide opportunities for neighborhood based employment and training programs.

Priority #5: Focus on youth programming and crime prevention.

- Partner with local resources to provide alternatives for youth.
- Engage local residents in developing these activities.
- Support quality after school programming.
- Provide support to public service priorities of annual action plan.

The following people spoke at the hearing:

Ed Gordon, former City Commissioner, 4339 Lakeside

Ellen Kisinger-Rothi, Director of Housing Resources, 28284 62nd Ave., Lawton
Annie Morgan, Senior Services, 918 Jasper, Kalamazoo, MI 49001
Suzie Suchyta Haas, Director, Vine Neighborhood Association, 511 W. Vine St.
Leslie Decker, Stuart Area Restoration Association, 530 Douglas Ave.

The following comments were made by the public speakers:

1. The only housing trust fund in Michigan is located in Ann Arbor. MOP (Michigan Organizing Project) has requested a \$1,000,000 housing trust fund for Kalamazoo. Ann Arbor puts \$50,000 to \$100,000 in its housing trust fund per year.
2. There is a state housing trust fund. Don't waste local dollars on a trust fund if there's already one in place at the state level. We need to collaborate.
3. The homeless shelters are heavily used and there needs to be more emphasis on homeless services.
4. The City Commission has a policy with regard to a limit on affordable housing in the central city area. This situation needs to be addressed.
5. It's fiscally responsible to keep housing repair programs in place for seniors so that they can stay in their homes.
6. Please remember the needs of the working class poor who could benefit from assistance in the following areas: 1. A home weatherization program; 2. Emergency home repairs; 3. Free or low-cost legal assistance; 4. Youth programs.
7. There may be better ways to use HUD funds than a housing trust fund.
8. The information gathered for the Consolidated Plan through neighborhood meetings may be skewed since some people attended many meetings while others only attended one meeting.
9. We need to help low-income people keep their homes since they are the stable base of many neighborhoods. We also need to keep the neighborhoods safe.

There being no further public comments, Mr. Dettloff inquired if there were any questions from the CDAAC members.

Ms. Jackson requested more details about the housing trust fund. Ms. Broome stated that the trust fund would be used to serve people at or below median income level. It would not be funded continually with Community Development Block Grant funds. Other groups can help support the trust fund. The feasibility of a trust fund is still being studied and a final recommendation will be made to the Poverty Reduction Committee in the spring. Ms. Broome commented that the state housing trust fund doesn't work the same way. One way of funding the local trust fund would be to have a 1% real estate transfer fee.

Ms. Jackson commented that CDBG funds must be used within a year. She inquired if the housing trust funds would be gone at the end of the year. Ms. Broome replied that the City could state that the CDBG funds were to be used as seed money for the trust fund.

Mr. Coss inquired if matching funds would be incorporated in the fund. Ms. Broome commented that matching funds were still being considered as a possibility. There is a possibility that CDBG funds for the year 2006 could be used as seed money for the housing trust fund.

There being no further comments with regarding to the Consolidated Plan, the CDAAC members took a 10-minute break.

CALL TO ORDER

Ms. Osowski reconvened the meeting at 7:30 p.m.

ROLL CALL

It was determined during roll call that the aforementioned members were in attendance and a quorum was present.

AGENDA (October 21, 2004)

There were no changes to the agenda.

Ms. Osowski, supported by Mr. Coss, moved approval of the October 21, 2004 CDAAC agenda. With a voice vote, the motion carried unanimously.

MINUTES (February, March & September 2004)

There were no changes to the minutes.

Mr. Fricke, supported by Mr. Coss, moved approval of the February, March and September 2004 CDAAC minutes. With a voice vote, the motion carried unanimously.

CITIZEN COMMENTS ON NON-AGENDA ITEMS

None.

COMMUNICATIONS/MEMBERS' REPORTS

None.

OLD BUSINESS

Mr. Thomas stated that on September 30, he received a full report regarding the HUD monitoring that took place this summer. City staff has one month to respond. The findings in the report were as follows:

Program Management

Finding No. 1: Failure to perform complete monitoring reviews.

There are two acceptable methods of conducting program monitoring reviews – desk reviews and on-site reviews. The City has consistently used a combination of desk and on-site reviews to assess the performance of its sub-recipients. HUD has requested that the City conduct more on-site reviews of sub-recipients during the course of the next two years. This has not resulted in a finding during any previous monitoring.

Allowable Costs

Finding No. 2: Costs adequately documented in accordance with OMB Circular A-87.

The City will provide documentation to support the salary costs that have been charged to HUD programs from 2003 to the present. Furthermore, the City will begin the use of time sheets to document staff time expensed to federal programs as per OMB Circular A-87. City staff previously calculated staff expenses as a percentage of time. This has not resulted in a finding during any previous monitoring.

Citizen Participation

Finding No. 3: Improper development of the Consolidated Plan; Failure to follow the City's Citizen Participation Plan; Misclassification of activities in the Consolidated Plan.

HUD is concerned that at the time the City began the Special Initiatives CDBG set-aside funds, this was not fully explained in the 2002 Annual Action Plan. In addition, the anticipated activities for Special Initiatives were classified as public facility and infrastructure support. Yet, during the program year, some of the Special Initiatives were used for other activities such as the New Genesis youth program. Since these funds were not used for one of the classifications as projected in the Annual Action Plan, they were misclassified. To correct the situation, City staff must republish the Annual Action Plans for the affected years and hold public meetings to set the record straight.

HOME Investment Partnership (HOME)

Concern No.1: The plumbing in unit 5 @ 319 Elm Street was not fully functioning at fully adequate capacity.

Rehabilitation and housing inspection staff will conduct a follow-up inspection on this particular unit as recommended to ensure that the issue has been fully rectified.

Program Income

Program income will be recorded as earnings during the program year and not as a fund balance in the Integrated Disbursement and Information System (IDIS).

Capacity

Concern was expressed about the City's capacity to maintain staffing levels sufficient to manage the CDBG and HOME programs. City staff could find no grounds to express concern that "financial reports and reviews of sub recipients invoices for payment are not adequately monitored." City staff closely monitors each reimbursement request as submitted on a monthly basis. The city will seek to augment the grant monitoring division with additional staff support.

The city's strategy over the past several years has been to maximize the amount of CDBG available for direct programming vs. administration, and, thereby, to increase the leveraging potential for the city. This has been very effective for revitalization efforts in the Partners Crosstown and Partners North East project areas. The rehabilitation division has also been focused on blighted, abandoned and vacated properties. The city hopes to strengthen its partnerships with community-based housing development organizations and nonprofit housing development partners in service delivery.

NEW BUSINESS

Nominating Committee Update

Mr. Thomas mentioned the CDAAC members who had not attended meetings in several months. He stated that letters were sent to the CDAAC members and the neighborhoods they represented to advise them of the rules regarding attendance. The Stuart Area Restoration Association expressed concern that they might not have enough board members to be able to send a representative to CDAAC. The Fairmont Neighborhood Association has not responded to the letter. A WMU student contacted city staff to inquire about becoming a member of CDAAC. The student learned of the open seats through a City Commission meeting.

Discussion followed with regard to the change in funding for neighborhood associations. Funding is now provided through the general fund rather than CDBG funds which may account for the lack of representation by some neighborhoods to the CDAAC board. Ms. Jackson pointed out that other things in the neighborhoods are still funded by CDBG funds. She suggested that Mr. Thomas write a letter to the neighborhood associations to advise them of these circumstances.

Presubmission Workshop – October 27 and 28, 2004

A presubmission workshop will be held from noon to 2:00 on October 27 and from 5:00 to 8:00 on October 28 in the City Commission Community Room, second floor of City Hall, 241 W. South Street. City staff will provide an overview of the Community Development Block Grant program, eligible activities, application requirements and

responsibilities, and will be present to answer questions from non-profit organizations seeking CDBG funds. A brief discussion followed with regard to details of the workshop.

PY2005 CDBG – Recommended Timeline

The timeline for review of CDBG funding requests has been extended. Applications will be accepted until December 13, 2004. City administration will propose a basic budget to the City Commission with details to follow at a later date. CDAAC's final recommendations to the City Commission for CDBG funds will be made in February rather than January of 2005. This change in scheduling was necessitated due to an accelerated internal City budgeting process and the recent updates to the Consolidated Plan, which dictates how CDBG funds should be spent.

Mr. Thomas commented that Beth Broome would present the housing report to the City Commission on Monday, October 25. This is an external consultant's report and has not been fully reviewed or amended by City staff.

In terms of the PY2005 proposed CDBG budget, the City is anticipating a 5% reduction of funds for 2005-2006. There are four main categories that are being proposed for review by CDAAC: Housing, Public Services, Fair Housing/Capacity Building/Planning, and Public and Neighborhood Facilities/Recreation/Public/Community Health. Mr. Coss inquired as to the source of the funding for these extra categories. Mr. Thomas stated that there would no longer be a special initiatives fund and those dollars which would have been set aside will now be used in the aforementioned categories. Mr. Fricke expressed concern that CDBG funds might be used for purposes other than what had been targeted by CDAAC. Commissioner Juarez inquired about funding of several non-profit programs. Mr. Thomas commented that the entities in question were invited to the pre-submission workshop and they would be able to get answers to their questions at that point.

Mr. Thomas stated that the cover sheet for the CDBG applications would be revised. Applicants will be required to check a box for the category under which they qualify. Ms. James inquired as to what would happen if more than one box were checked. Mr. Thomas advised that he might highlight which component goes under which category. He added that he has received positive feedback about the new application.

CITIZEN COMMENTS

None.

MISCELLANEOUS

The next CDAAC meeting is scheduled for November 11 which falls on Veterans' Day. The general consensus among CDAAC members was that November 18 would be the

best alternate date on which to hold the November meeting. The November meeting will be at the Development Center, 445 W. Michigan Ave., Conference Room #1.

ADJOURNMENT

There being no further business, Ms. Osowski adjourned the meeting at 8:30 p.m.

Submitted By: _____ Dated: _____
(Recording Secretary)

Reviewed By: _____ Dated: _____
(Staff Liaison)

Approved By: _____ Dated: _____
(Chair Person)