

COMMUNITY DEVELOPMENT ACT ADVISORY COMMITTEE
(CDAAC)
Minutes
May 12, 2005

The Development Center
445 W. Michigan Ave., Suite 101
Conference Room #1

Members Present: Charley Coss, Vice Chair (Acting Chair); Tristan Brown; Shirley Coleman; Jurel Fullerton; Doris Jackson; Dave Kinsey; Susan Oakes; Pegg Osowski

Members Excused: Mark Fricke, Chair; MonaLisa James

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

PUBLIC HEARING

Presentation and Input on Draft Amendments to the PY2002, PY2003, and PY2004 Annual Action Plans

Acting Chair Coss opened the Public Hearing at 6:30 p.m. Mr. Thomas provided background information on the proposed draft amendments.

During a monitoring review of the City of Kalamazoo's Community Development Block Grant (CDBG) and HOME Investment Partnership Programs (HOME), conducted by HUD staff on June 29 – July 1, 2004, the following finding was made:

“The City violated program regulations as contained at 24 CFR 91.105 (b)(1) and 91.505 (a) by failing to adequately inform its citizens of the range of activities it expected to undertake during the stated periods. The City has violated program rules as specified at 24 CFR 91.220 (c) by providing an incomplete and incorrect representation of the activities it planned to undertake during the referenced program years. Finally, the City violated program rules as contained at 24 CFR 91.505 by failing to amend its Annual Plans to reflect the correct activities identified within the City's classification of Special Initiatives.”

City staff provided the following response to HUD's findings:

The unintended misclassification resulted from the inclusion in the PY2002 Annual Action Plan of a pilot CDBG Special Initiatives category that was originally proposed to support infrastructure projects in a targeted area of the city. During the program year, other non-infrastructure, CDBG-eligible projects, were supported through this Special

Initiatives fund. Without an amendment to the plan, this created a misclassification of activities supported with CDBG for that program year. Other amended projects reflect corrected award amounts and/or omissions.

Mr. Thomas explained that the corrections pertain to program years 2002 through 2004. The problem occurred chiefly because the special initiative funded projects, while approved by the City Commission on a case-by-case basis, were not reviewed by CDAAC and, therefore, were not presented adequately for public review and comment. .

(7:44 p.m. - Mr. Fullerton arrived.)

Mr. Thomas provided information regarding the amendments (see attachment). He advised that the amendments would be available for public review through June 13, 2005 at the Development Center.

Discussion followed with regard to reprogrammed funds. Historically, if the amount of unexpensed funds from any project is more than 10% of the entitlement funds received for that program year, then the funds would come back to CDAAC for review.

There were no citizen comments at the public hearing and the hearing was closed.

CALL TO ORDER

Mr. Coss called the CDAAC business meeting to order at approximately 7:00 p.m.

ROLL CALL

It was determined during roll call that the aforementioned members were present. Mr. Fricke and Ms. James advised city staff that they would not be able to attend the meeting and they were noted as excused absences.

APPROVAL OF AGENDA (May 12, 2005)

Mr. Thomas advised that Ms. James inquired if the CDAAC members were agreeable to changing the time of the CDAAC meeting since the current time presents a problem for some members. It was requested that more details be obtained from Ms. James so the details can be brought to CDAAC for further discussion.

There were no changes to the agenda.

A motion was offered by Ms. Jackson, supported by Mr. Brown, to approve the May 12, 2005 CDAAC agenda. With a voice vote, the motion carried unanimously.

APPROVAL OF MINUTES (March 3, 2005)

There were no changes to the minutes.

A motion was offered by Ms. Jackson, supported by Ms. Osowski, to approve the March 3, 2005 CDAAC minutes. With a voice vote, the motion carried unanimously.

CITIZEN COMMENTS ON NON-AGENDA ITEMS

None

COMMUNICATIONS/MEMBERS' REPORTS

Ms. Osowski stated she was elected Chair of the Vine Neighborhood Association. The Vine Neighborhood Association is celebrating its 25th anniversary this year and Ms. Osowski will be hosting the Association party in August.

OLD BUSINESS

Mr. Thomas stated that city staff had submitted the Annual Action Plan to HUD on time. HUD is currently reviewing the Plan but it has not yet been officially approved. Each project has its own one-page report and each amendment will have a report in a similar format. Kalamazoo's CDBG grant for the program year June 1, 2005 through May 31, 2006 is \$2,056,687. An additional \$250,000 has been committed for the Housing Trust Fund which is out of the general fund.

Mr. Thomas advised that he attended a meeting of the Poverty Reduction Initiative earlier in the day. During the meeting there was a conference call with a representative from Ann Arbor and a representative from Grand Rapids was present to explain what they were doing to address homelessness. Sometimes, local Housing Trust Funds may be used to address this issue. The money for the Trust Fund has been pledged for Kalamazoo but there is no organization to administer it at this point. The intention is that the trust fund will be countywide rather than just within the boundaries of the City of Kalamazoo.

The U.S. Department of Housing and Urban Development (HUD) has allocated HOME partnership funds in the amount of \$732, 828 to be used in the upcoming program year. The City of Kalamazoo was not eligible for Emergency Shelter Grant funds during the current program year due to a drop in population. Therefore, the Emergency Shelter Grant funds, which would have come to Kalamazoo, were diverted to MSHDA for the State of Michigan to administer. A local coalition was able to recapture part of the funds

for the City of Kalamazoo. This executive summary pertains to the first year of the five-year Consolidated Plan. When HUD approves the Annual Action Plan, it will be made available for review.

Ms. Jackson commented that she received a letter stating that she had been approved for another term on CDAAC. Mr. Thomas confirmed that all the members who applied for another term would be receiving a letter confirming their reappointment to CDAAC.

NEW BUSINESS

Report on Technical Assistance Training Session – May 11, 2005

Mr. Thomas advised that 41 people attended the training session. City staff provided templates to show sub-recipients how to report on their use of the CDBG funds they had received. There were only two sub-recipients who weren't able to send representatives. The training session lasted a little over an hour.

Mr. Coss inquired about updating the applications. Mr. Thomas advised that updates to the application would probably not be discussed until August. Jeff Chamberlain, the Director of the Community Planning and Development Department has advised that the applications should be streamlined. Ms. Jackson suggested that Mr. Thomas include the application in the next packet for review by the CDAAC members. Discussion followed with regard to refining the application so that applicants can't use the same answer twice.

Update on City of Kalamazoo Subrecipient Monitoring

Mr. Thomas provided a brief review of the agencies that were monitored by three members of city staff. After the on-site review is completed, typically 2 – 3 hours, city staff reports their findings, concerns and recommendations to the applicants and they have thirty (30) days to respond. There are 44 sub-recipients and city staff have been trying to average one review per week. If the subrecipient's program is ostensibly in order, a desk review can be conducted in place of the on-site review. HUD requires at least one one-site visit every three years for each sub-recipient.

HUD Monitoring – June 22, 23, 24 2005

Mr. Thomas advised that he would be working with the HUD representative from June 22 – 24 to complete the 2005 monitoring. The HOME specialist will also be attending during the 2005 monitoring.

CITIZEN COMMENTS

Ms. Osowski mentioned that CDBG funds are decreasing and she wondered how this would affect CDAAC. Will CDAAC be required to choose one or two subrecipients to receive the funding? Ms. Jackson mentioned that some organizations use CDBG money to leverage other funds. If they don't receive CDBG funds, that could lead to other complications.

Mr. Kinsey commented that CDBG funding was discussed at a recent City Commission meeting. He mentioned that people have been sending letters to senators and other representatives to advise them of concerns regarding this funding. Mr. Kinsey suggested sending e-mails to our representatives to let them how important CDBG funding is to our community.

Mr. Thomas advised that he would be attending an affordable housing conference in Lansing next week. He further commented that it appears the CDBG funds will not be taken from HUD and placed with the Commerce Department as previously discussed. The funding allocation amount is still undetermined. There was a groundswell of advocacy around the country in support of CDBG funds remaining with HUD.

Mr. Thomas stated that, according to the last information he received, CDBG funds will remain with HUD. There are four new formulas being discussed to determine national distribution of whatever level of funding remains. The relevant factors in the formula are the population of residents at or below poverty level, the age of housing stock, a comparison of local economy versus economy at the state and federal levels, etc. Based on the formulas discussed to date, Kalamazoo will likely experience a funding cut from between 5% and 28%.

Mr. Thomas stated that, with limited funds, CDAAC might have to adjust their funding strategy. For instance, CDAAC might decide to fund the requests they receive for housing assistance, and requests for funding of public service programs could be submitted to other philanthropic organizations. Mr. Thomas advised that it could take \$1,500 of a subrecipient's staff time to administer \$1,000 of CDBG funds. Mr. Coss inquired if that should be criteria in CDAAC's thought process? For instance, should CDAAC not approve funds less than \$3,000? Ms. Coleman pointed out that \$1,000 might give the sub-recipients a means of leveraging other funds.

ADJOURNMENT

A motion was offered by Ms. Coleman, supported by Ms. Oakes, to adjourn the May 12, 2005 CDAAC meeting. With a voice vote, the motion carried unanimously, and the meeting was adjourned at 7:54 p.m.

Prepared by: _____ Dated: _____

Reviewed by: _____ Dated: _____

Approved by: _____ Dated: _____