

COMMUNITY DEVELOPMENT ACT ADVISORY COMMITTEE
(CDAAC)
June 8, 2006
Minutes
DRAFT

The Development Center
445 W. Michigan Ave., Suite 101
Kalamazoo, MI 49007

Members Present: Charley Coss, Chair; Dave Kinsey, Vice Chair; Shirley Coleman; Mark Fricke; Pegg Osowski; Mildred Smith

Members Excused: Doris Jackson, Jennifer Mills, Sue Oakes, Kathy Steppenwolf

City Staff: David Thomas, Neighborhood Development Specialist; Keith Hernandez, Deputy Director/City Planner; Amy Thomas, Recording Secretary

Guests: David Artley, Director, Office of Resource Development, County of Kalamazoo; Don Cooney, City Commission Liaison to CDAAC

PUBLIC HEARING: Infrastructure Capacity Enhancement – South Burdick Street

Mr. Coss opened the Public Hearing at 6:30 P.M.

Mr. Thomas advised that this project and funding opportunity were made available originally through a partnership between the Michigan Economic Development Corporation, Michigan State Housing Development Authority, and the State Historic Preservation Office. Community Development Block Grant (CDBG) funding for this project was available through the State, but could not be funded directly to the City of Kalamazoo which, as a participating jurisdiction, receives its CDBG directly from HUD. Instead, these funds were made available through the County of Kalamazoo in partnership with the City.

In early 2003, the State of Michigan offices listed above laid out a new comprehensive neighborhood revitalization approach later to be named, “Neighborhoods of Choice.” This state-led program encouraged the use of the multiple resources and tools including Neighborhood Enterprise Zone, additional historic preservations tools, and neighborhood marketing to assist and revitalize neighborhoods. The city put together a Notice of Intent (NOI) to participate, and with the advice of various state staff members, chose the Southside neighborhood (Census Tract 11.00) as the site for this revitalization effort. Kalamazoo, Muskegon and Cadillac were the cities chosen to receive funds under this pilot program. The City of Kalamazoo provided \$33,000 towards state-hired consultants who created a neighborhood plan for the neighborhood. By developing such a comprehensive plan, the city would be eligible to apply for \$350,000 of state CDBG money for infrastructure improvements. The plan pointed toward streetscape

enhancements on South Burdick Street as important next steps toward neighborhood revitalization in CT 11.00.

In 2004, Community Development Strategies, Inc. conducted a series of focus and neighborhood meetings, and backed by research, created a neighborhood development strategy for what is being referred to as the Southside Neighborhood. The final product was delivered in 2005 (copies available upon request). The twelve-step strategy included streetscape improvements to Burdick Street. As the city of Kalamazoo was preparing its 2006 Capital Improvement Plan, \$150,000 was included in the project to complement the \$350,000 from the State. In early 2006, the City and County submitted a Notice of Intent (NOI) to the state for the \$350,000 of CDBG funds. The NOI was accepted, and the City (via the County) was asked to submit a full application on June 20th, 2006. Because CDAAC regularly deals with CDBG funds, it is an appropriate forum to discuss the application in a public hearing.

David Artley, Director of the Office of Resource Development for the County of Kalamazoo was present to discuss the program. Mr. Artley indicated that this project is a good example of intergovernmental cooperation, which is important in times of shrinking funds. He stated that Andrea Augustine, the Neighborhood Planner for the City of Kalamazoo, did much of the work on the proposal. Mr. Artley noted that, for this pilot project, the funds are already earmarked while the formal process moves forward.

Ms. Osowski inquired if other people in the community know about this pilot program. Mr. Hernandez responded in the affirmative and advised that public notices of this program were published in the Kalamazoo Gazette. Two more notices regarding the Environmental Review Process will be published in the paper.

Ms. Coleman inquired as to the identity of the architect for the program, and Mr. Hernandez advised that an architect has not yet been selected.

Ms. Osowski inquired if the Southside Neighborhood has a neighborhood association. Mr. Thomas stated that there is not currently a fully-organized and functioning Southside neighborhood association. However, Andrea Augustine is working with focus groups in that area to help develop a neighborhood organization. Ms. Augustine is on maternity leave until August 28th. Further progress on this project will resume at that time.

Mr. Coss inquired if there are requirements that information about the NEZ funding be provided on the city's website. Mr. Hernandez stated that information about this project is available on the city's website as a point of community information, but not as a noticing requirement.

There were no further comments about the public hearing.

Mr. Coss thanked the staff and Mr. Artley for their work and cooperation in this new venture, and closed the public hearing at 6:45 P.M. Mr. Coss proceeded with the regular CDAAC business.

AGENDA (June 8, 2006)

There were no changes to the agenda.

Ms. Osowski, supported by Ms. Coleman, moved approval of the June 8, 2006 CDAAC agenda. With a voice vote, the motion carried unanimously.

MINUTES (May 11, 2006)

Mr. Coss suggested postponing approval of the minutes until a quorum of the CDAAC members was present.

CITIZEN COMMENTS ON NON-AGENDA ITEMS

Ms. Osowski announced that Erin Knott is the new executive director of the Vine Neighborhood Association. Mr. Thomas mentioned that Ms. Knott had previously worked for the Local Initiative Support Corporation, and he expressed enthusiasm for the expertise that she will bring to her new job. Mr. Kinsey mentioned that Ms. Knott is also the Treasurer for the Edison Neighborhood Association.

COMMUNICATIONS/MEMBERS' REPORTS

Mr. Thomas stated that on Tuesday, June 6th he attended the Michigan Affordable Housing Conference which was held from June 5 – 7, 2006. Kenn Hartmann and Gracia Mason from the Community Planning & Development Department attended all three days of the conference. Mr. Thomas advised that the sessions he attended provided very basic information. One of the sessions pertained to the Statewide Homeless Management System (HMIS), which is a computer program for tracking data on homelessness throughout the state.

Mr. Kinsey inquired if there is concern that the computer program might put service providers out of business. Mr. Thomas advised that HUD requires service providers to participate in the program. Since the basis of HMIS is to reduce the reporting of duplicated numbers of services, participants will not be penalized for reporting actual numbers, but there has been some concern regarding confidentiality of certain groups of the homeless, e.g., victims of domestic assault.

KNHS – 25TH Anniversary, June 8, 2006

Mr. Thomas announced that Kalamazoo Neighborhood Housing Services celebrated their 25th anniversary at Northwinds Court this afternoon. Representative Lipsey and Mayor McKinney attended the celebration. A video from Senator Debbie Stabenow was played at the event.

Overview Report: Federal Entitlement Funds Reductions

Mr. Thomas stated that Mr. Fricke had requested information regarding the reduction in federal funds. Mr. Thomas distributed information he obtained from the National Community Development Association regarding the reduction in funds. Following are the statistics

| <u>Year</u> | <u>CDBG Allocation to Kalamazoo</u> |
|-------------|-------------------------------------|
| 2001 | \$2,410,000 |
| 2002 | \$2,396,000 |
| 2003 | \$2,168,000 |
| 2004 | \$2,166,000 |
| 2005 | \$2,056,687 |
| 2006 | \$1,872,055 |

Mr. Thomas informed CDAAC that 2003 marked the beginning of reduced CDBG funding due to the final compilation of national census tract statistics. In 2004 the City of Kalamazoo was no longer eligible for Emergency Shelter Grant funds. However, the city worked with the State Housing Development Authority to recapture approximately \$70,000 of the lost funds. There have been reductions in funding averaging from 5% to 9% annually resulting in an overall reduction of \$1.39 million in CDBG funds and over \$1 million in HOME funds from a status quo budget perspective. In addition to the basis reduction of dollars, there are certain caps as to how the CDBG funds can be spent which impact the use of those funds as well. A maximum of 15% of the total CDBG allocation may be expensed for public services; 20% of the CDBG total may be used for administration, while that category is limited to 10% of the HOME fund allocation.

The information provided just shows statistics from the entitlement program. The City of Kalamazoo and its nonprofits have been successful in securing other federal funds for the community.

(6:55 p.m. - City Commissioner Cooney arrived.)

Commissioner Cooney advised that he'd been teaching on Thursdays but would likely be available from now on to attend CDAAC meetings.

Mr. Fricke requested that Mr. Thomas begin the presentation again for Mr. Cooney's benefit. Mr. Thomas provided the requested review and then proceeded with the presentation.

Commissioner Cooney inquired if the formula for calculating available CDBG funds had changed, and Mr. Thomas responded in the affirmative. He advised that the 2000 census had an adverse impact on the CDBG funds available to the City of Kalamazoo. In

general, the population of the United States is trending away from the North and the East and moving to the South and the West. Any community with a population of 50,000 or more may become eligible to receive CDBG funds, thereby increasing the competition for what have become fewer CDBG dollars allocated by Congress for the nation. Since population is one factor in the allocation equation, CDBG funds have been following those geographical trends as well.

Mr. Fricke mentioned that the formula had changed again. Mr. Thomas advised that he had recently obtained information about the proposed formula changes and he provided a chart to CDAAC showing their impact. Over the five years, and based on PY2001 as the benchmark, the city has lost over \$1.4 million in CDBG funds, over \$1 million in HOME funds and \$246,000 in ESG funds.

Typically, CDAAC receives 3 or 4 times as many requests as available funds. Due to the decrease in census figures, the city has lost more funds than were available in grant monies to distribute to sub-recipients.

(At approximately 7:00 p.m., Mildred Smith arrived at the meeting.)

Mr. Fricke commented that the data in the handout provided better news than he expected. Mr. Thomas advised that HUD provided him with a similar spreadsheet recently. The chart Mr. Thomas handed out shows a funding loss of about 4% or approximately \$1,794,000, which is not as bad as expected. However, the new formula is based on what congress proposed for the 2007 budget. According to the new formula, there could be a 28% decrease in HUD funds for the City of Kalamazoo.

Mr. Fricke mentioned that President Bush's latest proposal is to cut 25% of HUD funding across the board, but that proposal would have to be approved by Congress. Mr. Thomas advised that the proposed decreases in funding are not yet official. Discussion regarding the budget and formula for calculating the available funds are ongoing. The decrease in funding will likely be somewhere between 4% and 28%.

Mr. Fricke commented that the new formula will cause a 4% drop in funding. He inquired as to which part of the formula caused the decrease. Mr. Thomas stated that the decrease was caused by demographics in the City of Kalamazoo, but that he didn't have any details on the specific portion of the demographics that caused the change. Mr. Fricke requested that Mr. Thomas find out what part of the formula has caused the change in hopes that CDAAC might be able to do something to provide a more positive outcome in the future.

Mr. Coss observed that HUD funding to Benton Harbor has increased by 1%. Commissioner Cooney commented that the increase is due to poverty in that area. At the opposite end of the spectrum, Battle Creek has suffered a 42% loss in HUD funds. Mr. Thomas advised that he would work on finding the answers to the questions about the formula.

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Mr. Fricke suggested the possibility of putting together an action plan to try and prevent further losses in funding. Mr. Coss mentioned that knowing the details about the formula would at least put CDAAC in a better position to explain the funding loss to citizens. Mr. Kinsey added that, if population is the problem, Kalamazoo has a potential way of correcting the loss through the "Kalamazoo Promise." Mr. Fricke mentioned that, according to the 2000 census, the population of Kalamazoo was 77,000 at that time and now it is 74,000. Commissioner Cooney commented that there are 400 more kids enrolled in the Kalamazoo school system since the inception of the "Kalamazoo Promise." Mr. Fricke added that the population increase is not all in the city, and some of the students are enrolled in private schools and charter schools. Commissioner Cooney stressed the need to maintain funding for the city, and he suggested involving Congressman Upton in this discussion.

Mr. Coss mentioned that quorum had been met with the arrival of Ms. Smith. Accordingly, the minutes could be approved.

MINUTES (May 11, 2006)

There were no changes to the minutes.

Ms. Coleman, supported by Mr. Kinsey, moved approval of the May 11, 2006 CDAAC minutes as submitted. With a voice vote, the motion carried unanimously.

CITIZEN COMMENTS

None

NEW BUSINESS

Set July Meeting Date

Mr. Coss announced that the July CDAAC meeting would take place on the first Thursday of the month (July 6th), rather than the second Thursday (July 13th) as usual.

Mr. Fricke inquired if Commissioner Cooney had any information from the City Commission that he would like to pass along to CDAAC. Commissioner Cooney advised that he did not, but that he was looking forward to participating in future CDAAC meetings.

ADJOURNMENT

Mr. Kinsey, supported by Mr. Fricke, moved to adjourn the June 8, 2006 CDAAC meeting. With a voice vote, the motion carried unanimously.

The meeting adjourned at 7:25 p.m.

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Submitted by: _____ Dated: _____
(Recording Secretary)

Reviewed by: _____ Dated: _____
(Staff Liaison)

Approved by: _____ Dated: _____
(CDAAC Chair)