

PROGRAM YEAR 2025 ACTION PLAN

Expected Resources

Introduction

The City of Kalamazoo is an entitlement community receiving federal funds from the U.S. Department of Housing and Urban Development (HUD). Each year the city is required to submit an Action Plan to HUD that will identify how federal grant funds will be utilized during that program year. The activities described in the annual Action Plan are a result of the priorities and goals outlined in the city's 2025 – 2029 Consolidated Plan. Program Year (PY) 2025 (July 1, 2025 through June 30, 2026) represents the first year of this Consolidated Plan. The Action Plan constitutes the city's application to HUD for its Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds, which are the primary federal resources for addressing Kalamazoo's housing and community development needs.

Anticipated Resources

The city is receiving \$2,040,448.81 in PY2025 through the CDBG (\$1,583,632) and HOME (\$456,816.81) entitlement grants. As is required by HUD, older allocations of funds are expected to be spent first when setting up CDBG and HOME activities. As part of this Action Plan, a total of \$209,139.14 in CDBG dollars will be reallocated. These funds come from activities that were no longer needed or were completed under budget. Of these dollars, \$75,150 was set aside in PY2024 as match for the lead-based paint grant received from the HUD Office of Lead Hazard Control and Healthy Homes. Due to available Treasury-ARPA dollars, the CDBG funds were no longer needed. The remaining \$133,989.14 was from reduced project budgets. For the HOME funds, a total of \$34,157.60 needs to be reallocated. These dollars come from a PY2022 project that was not completed.

Program income is defined as "any gross income received that was directly generated from the use of federal funds." As part of the action plan process, any anticipated program income must be identified and assigned to an eligible project. Typically, the activity that generates the program income is allowed to retain the funds to assist in the continuation of that activity. Approximately \$57,200 is anticipated in program income in PY2025, which will be generated from Kalamazoo Neighborhood Housing Services home repair programs and repayments on a prior HOME loan.

The complete anticipated budget for program year 2025 totals \$2,340,945.55.

The Community Development Division of the Community Planning and Economic Development Department will also report, to the extent possible, on other resources expected to be used in ways consistent with the Consolidated Plan. This includes both funds and resources of other organizations and agencies, foundations, local nonprofits, and for-profits which address the housing and community development needs of the city and its residents.

As stated, the expected amount of funding in year one of the 2025-2029 Consolidated Plan is based on the entitlement funds received for PY2025, expected program income, and any prior year resources. Per HUD's direction, the amount available for the remainder of the Consolidated Plan (PY2026 through 2029) is four times the federal allocation for PY2025. Any reduction and/or potential increase in funding is dependent on the federal appropriations to HUD.

Table 1: Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1 (PY2025)				Expected Amount Re-remainder of Con Plan
			Annual Allocation	Program Income	Prior Year Resources	Total	
CDBG	Public—Federal	- Administration - Public Services - Public Improvements - Housing	\$1,583,632	\$50,000	\$209,139.14	\$1,842,771.14	\$6,334,528
Narrative: CDBG funds will be leveraged with other federal grants, city general fund, and private dollars to support housing projects, public infrastructure investment, public service programming, and grant administration. In addition, other state, federal, and local private funds will be leveraged, noted on page 127, by city subrecipients for housing and public service activities.							
HOME	Public—Federal	- Administration - Tenant-Based Rental Assistance - Housing	\$456,816.81	\$7,200	\$34,157.60	\$498,174.41	\$1,827,267.24
Narrative: HOME dollars will primarily support a tenant based rental assistance program for the period of the Consolidated Plan. The required set-aside of 15 percent of HOME funds will be provided to a Community Housing Development Organization for a housing activity.							
Housing Development Fund	Public—Local	Housing	\$1,500,000	\$0	\$500,000	\$2,000,000	\$6,000,000
Narrative: The Housing Development Fund is a local source that will support the creation of affordable housing units.							
Leveraged Funds	Private	- Housing - Public Services	\$298,500	\$0	\$0	\$298,500	\$1,194,000
Narrative: Subrecipients and partners are required to provide a 25 percent non-federal match for any CDBG or HOME funds they receive.							

Explain how federal funds will leverage those additional resources (private, state, and local), including a description of how matching requirements will be satisfied.

To maximize our federal funding, additional resources are leveraged by the city, our subrecipients, and project partners to address the priority needs established in the Consolidated Plan. These leveraged funds come from sources such as the Michigan State Housing Development Authority; foundations like the Foundation for Excellence or Kalamazoo Community Foundation; or other private sources.

Additional resources include:

- In PY2025, the city will continue to utilize federal dollars received through the American Rescue Plan (ARP). The \$1,881,648 in HOME-ARP dollars received in 2021 was allocated to supportive services and tenant based rental assistance for qualified populations. These populations include the homeless, those at risk of becoming homeless through housing instability, and persons fleeing domestic violence.
- \$2 million from the Housing Development Fund will be utilized for affordable housing activities over the next program year.
- The city received a grant from the Office of Lead Hazard Control and Healthy Homes to assist with lead-based paint remediation in owner and renter-occupied single-family housing. A total of \$3,971,441 was approved in December of 2022 to remediate lead-based paint hazards and an additional \$696,000 Healthy Homes supplement for air quality remediation. This is a four-year grant that is expected to run through 2026.
- The city will leverage its general fund dollars with CDBG funds for youth programming, code enforcement, and administration of the federal grants.

- Subrecipients of the city are required to provide a 25 percent match on all awards and will leverage dollars they receive through the state, as well as other private funding to expand their scope of assistance.
- Finally, many of the multi-unit affordable housing projects further leverage dollars through low income housing tax credits administered by the state and payment in lieu of taxes through the city.

Many of the sources of leveraged dollars noted above can also be utilized as required match funding for the federal resources. Match requirements for the HOME program are also often achieved through the donation of property, labor, and materials, as well as payments in lieu of taxes for affordable housing developments in the city.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan.

The city does not expect to use any city owned land to address the needs identified in the Consolidated Plan. However, the Kalamazoo County Land Bank does have property within the city that may be utilized for this purpose.

Discussion

As federal resources continue to decline, the allocation of funds must be carefully considered and strategically applied to make the most impact. The requirement for a 25 percent match from both our CDBG and HOME subrecipients allows the city to leverage HUD dollars and provide more outcomes for city residents. In addition, local funding and other federal grants will provide some gap support to our shrinking HUD award.

Annual Goals and Objectives

Each annual Action Plan is intended to work towards the goals and outcomes established in the 2025-2029 Consolidated Plan. This section of the annual Action Plan is a review of the four goals established in the Plan, the needs that will be addressed this program year, and expected outcomes.

Goal Summary Information

The table on the following page outlines the goals of the 2025-2029 Consolidated Plan, the priority needs associated with each goal, the anticipated funding available for the 2025 program year, and the expected outcomes.

Goal Descriptions

The following provides a description of each goal established in the Consolidated Plan:

Attainable and affordable housing: Housing that is affordable and attainable was a consistent theme throughout all of the community outreach conducted for this five-year plan. In addition, the housing studies completed by both the city and the county show a need to maintain existing and create new units to meet demand. Therefore, an attainable housing goal became important to the success of this plan. The goal includes activities such as critical and code repairs for existing owner-occupied housing, increasing access to affordable housing, growing the diversity of housing options for low income households, and ensuring that rental housing units are safe and stable for tenants.

Expanding access to public service grants: The intent of this goal is to provide annual opportunities to address existing or emergent needs that will enhance the quality of life for low income residents in the city. This could be support for those with special needs, vulnerable populations, services for the homeless, programs related to violence prevention, opportunities for education or technical assistance, mental illness or substance use disorder services, etc.

Neighborhood solutions, beautification, and improvements: Neighborhoods will have an opportunity to complete a brick-and-mortar project under this goal through either a public or facility improvement. The intent is to allow the neighborhood to develop a solution to a concern that will enhance the quality of life for neighborhood residents. In addition, code enforcement efforts will help to stabilize and increase property values, as well as promote improvements to private property.

Administration and planning: Coordinate and administer the CDBG and HOME programs; prepare reports and plans required by HUD; manage federal environmental requirements; monitor subrecipient and developer compliance of all federally funded activities under the grants. Also, manage CDBG and HOME funded assets including the loans, program income, and any properties funded in whole or in part with CDBG or HOME dollars. Funding is allowed through both the CDBG and HOME grants to pay for the administration and planning costs of the grants. Please note that neither the CDBG nor the HOME grant requires outcomes be reported for planning and administration activities.

Projects

Introduction

To support the priority needs and goals of the 2025-2029 Consolidated Plan, a set of projects and activities must be outlined in the Action Plan and established in the HUD Integrated Disbursement and Information System. Projects are groupings of eligible programs under the CDBG and HOME grants and activities are the specific way grant funding will be spent in the program year. For example, single-family homeowner repair is a broad eligible project category and roof replacement for a specific amount of grant funds is an activity within the scope of the project.

Goal Name	Con Plan Years	HUD Category	Geographic Area	Priority Needs Addressed	PY 2025 Funding	PY2025 HUD Goal Outcome Indicator
Attainable and Affordable Housing	2025 to 2029	Affordable Housing	- City-Wide Low-Income Households - Core Neighborhoods - Code Enforcement and Property Standards Area	- Preserve existing single-family housing for low-income households. - Provide stable and affordable rental housing that prevents homelessness. - Ensure safe and stable rental housing units for tenants. - Increase the diversity of housing options in the city.	CDBG: \$1,015,371.14 HOME: \$452,493.41	- Rental Units Constructed: 1 Housing Units - Homeowner Housing Rehabbed: 110 Housing Units - Tenant-Based Rental Assistance / Rapid Re-housing: 50-60 Households - Housing Code Enforcement / Foreclosed Property Care: 1,500 Housing Units
Expanding Access to Public Service Grants	2025 to 2029	Homeless and Non-Homeless Special Needs	City-Wide Low-Income Households	- Help underserved groups access and utilize services and resources. - Support economic development and stability of low income households. - Advocate for programs that help the homeless. - Promote violence prevention programs.	CDBG: \$115,000	Public Service Activities other than Low/Moderate Income Housing Benefit: 250 Persons Assisted
Neighborhood Solutions, Beautification, and Improvements	2025 to 2029	Non-Housing Community Development	- Core Neighborhoods - Code Enforcement and Property Standards Area	- Support beautification and property improvement efforts. - Assist neighborhood solutions related to public improvement projects in the core neighborhoods.	CDBG: \$395,674	- Public Facility or Infrastructure Activities other than Low/Moderate Income Housing: 1 Project to Benefit approximately 5,000 Persons - Code Enforcement: 1,500 Properties
Administration and Planning	2025 to 2029	Administration	City-Wide	All priority needs are supported by grant administration.	CDBG: \$316,726.00 HOME: \$45,681	N/A

The following project categories will be funded in PY2025 through the CDBG and HOME programs:

Table 3: Project Information		
Number	Project	PY2025 Budget
1	Single-Family Homeowner Repairs	\$703,807.14
2	Rental Assistance	\$456,340.00
3	Neighborhood Enhancements	\$197,837.00
4	Public Services	\$115,000.00
5	CHDO Project	\$109,880.41
6	Code and Property Standards	\$395,674.00
7	PY2025 Grant Administration	\$362,407.00

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs.

There are several reasons for the allocation priorities of the PY2025 Action Plan. The first is a result of the extensive outreach that was conducted as part of the development of the 2025-2029 Consolidated Plan. This outreach was evaluated against the economic and demographic data collected for the Consolidated Plan; the realities the city must consider when determining priorities like potential reductions in annual budgets, staff capacity, etc.; and the priorities of other funders in the community. Based on this evaluation, a set of priorities were established to meet the stated needs of the community.

Obstacles to addressing these needs include reductions in grant funding, market conditions, and the amount of need in the city. For the past 20 years, both CDBG and HOME have seen decreases in support from the federal govern-

ment. CDBG has decreased by 27 percent and HOME has decreased by 42 percent. During this same period, the number of households in the city that are eligible for HUD programs has increased by 10 percent per the Comprehensive Housing Affordability Strategy data provided by HUD.

Current market conditions also contribute to obstacles in addressing underserved needs. Rents have increased around 40 percent in the last four years, causing housing cost burdens beyond the recommended threshold of 30 percent of income. Of the renter-occupied households with a cost burden, 97 percent make 80 percent or less of the area median income. In addition, the Michigan State Housing Development Authority has closed its waiting list for the Housing Choice Voucher Program, eliminating the potential for rental assistance to new households.

The census indicates the median home value in Kalamazoo was \$152,700 according to the 2022 American Community Survey 5-Year Estimates. However, we know that since 2020, owner-occupied housing costs have significantly increased. The median listing home price in January of 2025 according to Realtor.com was \$245,000. Conversely, local incomes have only increased 5.5 percent during this same period, which is not keeping pace with housing costs. Also, construction prices have significantly increased since the COVID-19 pandemic, making the development of single-family homes specifically for low income households almost impossible without some type of subsidy. According to HomeBuild, the average construction costs for a stick-built home in 2024 was \$175 a square foot. A 1,700 square foot home would cost around \$297,500 to build. This is \$72,640 more than the average home price in the city. Finally, the age of the housing stock also contributes to housing cost burden for owners and renters. The average age of housing is 65 years old and 88 percent of the units in the city were built before 1979.

Project Summary

Information on each individual project is provided on the following pages:

1	Project Title	Single-Family Homeowner Repairs
	Project Description	This project will provide funding for critical and necessary repairs on owner-occupied single-family homes. The primary activities will be critical repairs to ensure the safety and livability of the home; code enforcement repairs due to a citation received from the city, with repairs prioritized based on safety concerns; and roof repair and replacement to support the long-term viability of the affordable unit.
	Funding	CDBG - \$444,668 in entitlement funds, \$209,139.14 in reprogrammed funds, and \$50,000 in anticipated program income
	Consolidated Plan Annual Goals Supported	Attainable and affordable housing.
	Priority Needs Addressed	- Preserving existing single-family housing for low-income households. - Support beautification and property improvement efforts.
	Target Date of Completion	12/31/2026
	Estimate of Performance Outcomes	110 low-income households
	Location Description	Primarily core neighborhoods (Eastside, Edison, Douglas, Northside, Stuart, and Vine), with some allowance for other CDBG-eligible census tracts.
	Planned Activities	- Critical home repair – subrecipient provider to be determined. - Code enforcement repair through a partnership with Community Homeworks. - Roof repair and replacement – subrecipient provider to be determined. A request for proposal process will be conducted mid-calendar year 2025 to determine the subrecipients of the available funds.

2	Project Title	Rental Assistance
	Project Description	Funding will be provided for tenant-based rental assistance and security deposit support for low income renter households, which can provide housing for a homeless person or prevent a household from becoming homeless.
	Funding	CDBG - \$113,727 and HOME - \$342,613
	Consolidated Plan Annual Goals Supported	Attainable and affordable housing.
	Priority Needs Addressed	Provide stable and affordable rental housing that prevents homelessness.
	Target Date of Completion	09/30/2026
	Estimate of Performance Outcomes	50 to 60 low-income households will receive rental assistance and security deposit assistance.
	Location Description	Tenant-based rental assistance supports the low-income households so this project is city-wide.
	Planned Activities	• Tenant-based rental assistance – subrecipient provider to be determined. • Security deposit assistance – subrecipient provider to be determined. A request for proposal process will be conducted mid-calendar year 2025 to determine the subrecipients of these available funds.

3	Project Title	Neighborhood Solutions
	Project Description	Funding will be provided to the five core neighborhoods with nonprofit neighborhood associations to complete a public improvement. One neighborhood will receive funding each year of the 5-year Consolidated Plan.
	Funding	CDBG - \$197,837
	Consolidated Plan Annual Goals Supported	Neighborhood solutions, beautification, and improvements
	Priority Needs Addressed	Assist neighborhood solutions for public improvement projects in the core neighborhoods.
	Target Date of Completion	12/31/2026
	Estimate of Performance Outcomes	One project will be completed in PY2025 which will benefit the residents of one of the core neighborhoods.
	Location Description	One of the core neighborhoods with a nonprofit neighborhood association (Eastside, Edison, Northside, Stuart, or Vine) will receive funding in PY2025.
	Planned Activities	Public improvement that benefits the neighborhood. City staff along with the Neighborhood Associations will determine sequence of funding based on the projects presented by each neighborhood.

4	Project Title	Public Services
	Project Description	Public service dollars will be provided to address existing or emergent needs that will enhance the quality of life for low-income residents in the city. This could be support for those with special needs, vulnerable populations, services for the homeless, programs related to violence prevention, opportunities for education or technical assistance, mental illness or substance use disorder services, or youth programming.
	Funding	CDBG - \$115,000
	Consolidated Plan Annual Goals Supported	Expanding access to public service grants.
	Priority Needs Addressed	• Help underserved groups access services and resources. • Support economic development and stability of low-income households. • Advocate for programs that help the homeless. • Promote violence prevention programs.
	Target Date of Completion	12/31/2026
	Estimate of Performance Outcomes	250 low-income and/or special needs persons will receive a public service.
	Location Description	City-wide
	Planned Activities	• After school and summer program through the City of Kalamazoo Parks and Recreation Department. • Public service grants – subrecipient providers to be determined. An application process will take place in late calendar year 2025 with the Community Development Act Advisory Committee to allocate available funding.

5	Project Title	CHDO Project
	Project Description	A minimum of 15 percent of the HOME funding must be set aside for a Community Housing Development Organization (CHDO). It is expected that the CHDO will create new affordable housing.
	Funding	HOME - \$68,522.81 in entitlement funds, \$34,157.60 in reallocated funds, and \$7,200 in anticipated program income
	Consolidated Plan Annual Goals Supported	Attainable and affordable housing.
	Priority Needs Addressed	Increase the diversity of housing options.
	Target Date of Completion	06/30/2027
	Estimate of Performance Outcomes	One to two new affordable housing units will be created.
	Location Description	• Core neighborhoods • CDBG-eligible census tracts
	Planned Activities	Creation of new affordable housing – CHDO recipient to be determined. A request for proposal process with the eligible CHDO's will be conducted mid-calendar year 2025 to determine the activity to be funded.

6	Project Title	Code and Property Standards
	Project Description	The Housing Inspection and Code Enforcement team of the Community Planning and Economic Development Department will work in the CDBG-eligible census block groups designated for code and property standards administration to ensure safe and stable rental housing and to reduce slum and blight.
	Funding	CDBG - \$395,674
	Consolidated Plan Annual Goals Supported	• Attainable and affordable housing. • Neighborhood solutions, beautification, and improvement.
	Priority Needs Addressed	• Ensure safe and certified rental housing units for tenants. • Support beautification and property improvement efforts.
	Target Date of Completion	09/30/2026
	Estimate of Performance Outcomes	Approximately 1,500 rental units will be inspected for rental certification and approximately 1,500 properties will be inspected for code standards.
	Location Description	Code enforcement and property standards area (determined annually for CDBG-eligible block groups)
	Planned Activities	Inspections related to rental housing certifications and code standards – City of Kalamazoo Community Planning and Economic Development Housing Inspection and Code Enforcement Division

7	Project Title	PY2025 Grant Administration
	Project Description	Coordinate, administer, and monitor the CDBG and HOME grant programs.
	Funding	CDBG - \$316,726 and HOME - \$45,681
	Consolidated Plan Annual Goals Supported	All Consolidated Plan goals are aided with administrative support.
	Priority Needs Addressed	All priority needs are aided with administrative support.
	Target Date of Completion	06/30/2026
	Estimate of Performance Outcomes	No specific performance outcomes are required to be reported to HUD for administrative activities.
	Location Description	City-wide
	Planned Activities	The City of Kalamazoo Community Planning and Economic Development Department, Community Development Division will manage the federal funds provided in PY2025 and any remaining activities from previous program years.

Geographic Distribution

Description of the geographic areas of the entitlement (including areas of low income and minority concentration) where assistance will be directed.

The investment of HOME dollars will occur city-wide. HOME will almost exclusively be used for tenant-based rental assistance, which provides funding directly to a household. Therefore, a city-wide approach is necessary to afford the most housing options, while preventing concentrations of poverty within one neighborhood. The City of Kalamazoo will focus CDBG housing and neighborhood solutions funds primarily within the core neighborhoods of Eastside, Edison, Douglas, Northside, Stuart, and Vine. However, all housing activities will be allowed to utilize a certain percentage of their funding outside the core neighborhoods but within other CDBG-eligible census tracts where at least 51 percent of the residents are considered low income by HUD.

CDBG public service dollars will be available to low income households city-wide, with a focus on the core neighborhoods. Typically, the nature of public service activities makes it difficult to focus funding within a particular area of the city. For example, a program that helps seniors is likely to have a city or county-wide focus. Requiring that city CDBG funds only be for residents from a certain census tract provides a greater burden on the nonprofit service provider.

The final distinct geographic area is for code and property standards activities. On an annual basis, the city will map those CDBG-eligible census tracts that have violations as it relates to property standards on at least 20 percent of the parcels in the previous year. The result of this analysis creates a map which will be utilized by the Housing Inspection and Code Enforcement Division for the next year. The development of this map that outlines where CDBG funds can be spent is a requirement of HUD.

Please see the two distinct geographic area maps on the following page.

Table 4: Geographic Distribution

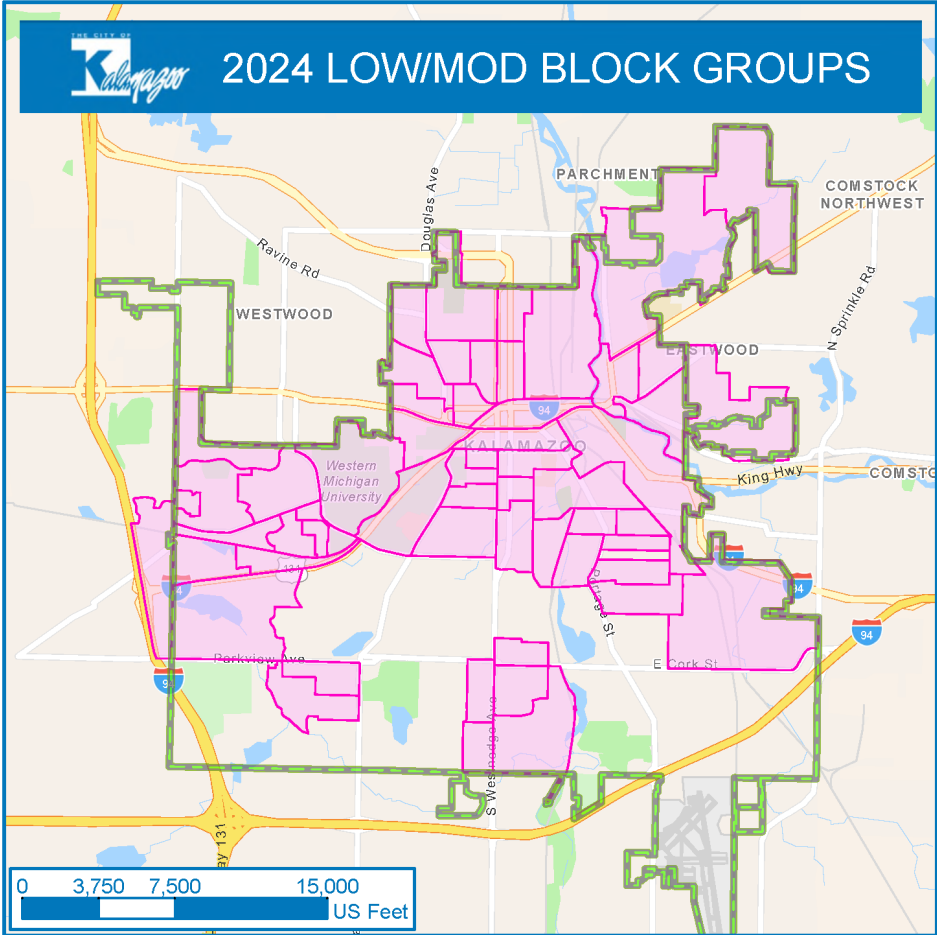
Target Area	Percentage of Funds
City-wide low-income households	29%
Core neighborhoods	42%
CDBG-eligible census tract (outside core neighborhoods)	9%
Code enforcement and property standards area	20%

Rationale for the priorities for allocating investments geographically.

As the map on page 139 shows, most of the census tracts in the City of Kalamazoo are eligible for HUD funding (51 percent of the households make 80 percent or less of the area median income). However, there are several reasons for focusing funding within distinct geographic areas. HUD data of the core neighborhoods show significant percentages of the population as low income, as seen in the following table:

Table 5: Percent Low-Income by Core Neighborhood

Census Tract	Neighborhood	Percent Low-Income
1.00	Eastside	82.7%
2.02 and 3.00	Northside	77.1%
5.00	Douglas/Stuart	69.2%
6.00	Vine	84.8%
9.00, 10.00, and 11.00	Edison	72.0%
Average for all Tracts:		77.1%

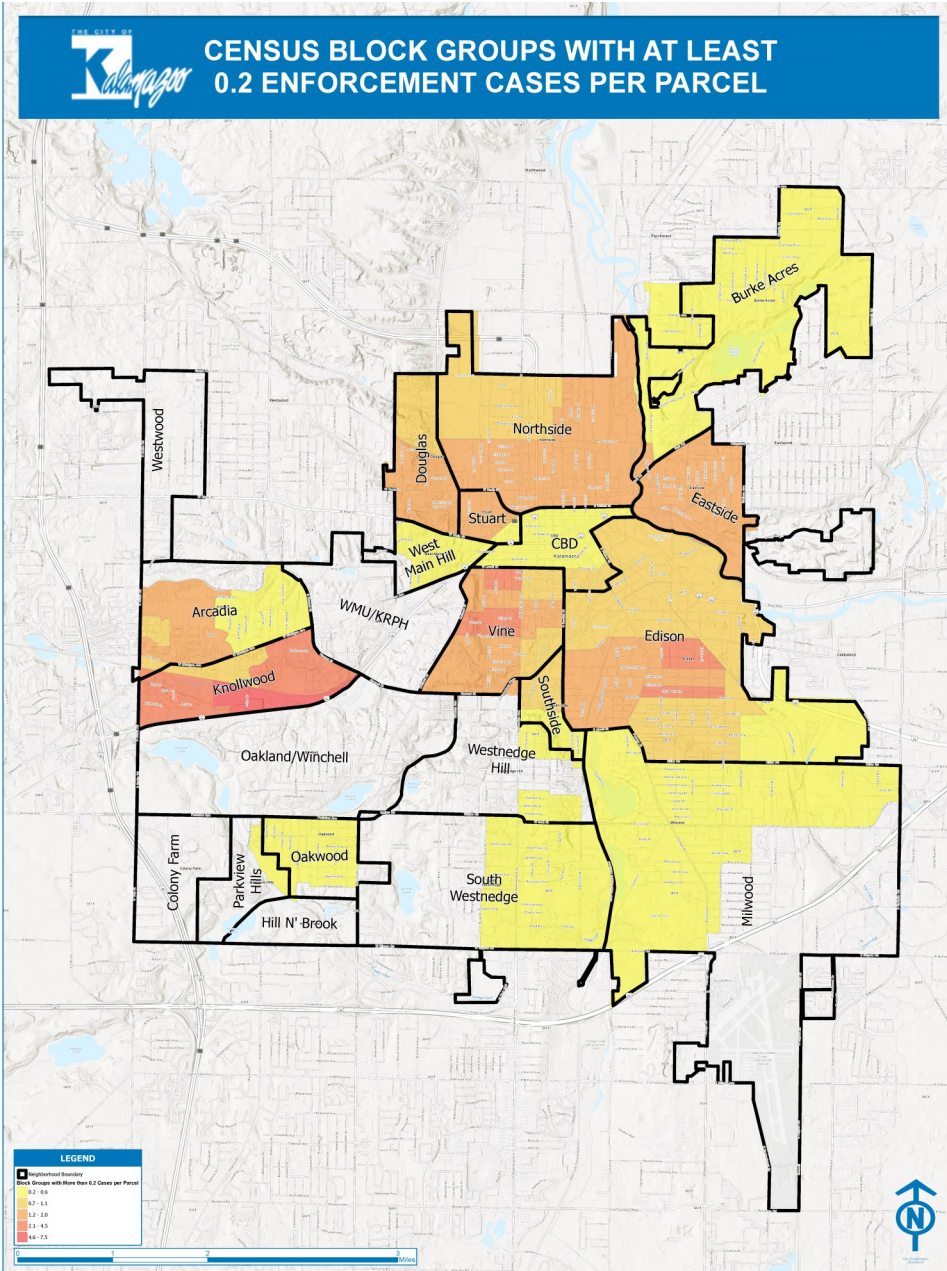


LEGEND

- City Boundary
- Block Groups with at Least 51% Low/Mod Residents



City of Kalamazoo,
2024-10-07



- LEGEND**
- Enforcement Boundary
 - Block Groups with More Than 0.2 Cases per Parcel
- | |
|-----------|
| 0.2 - 0.5 |
| 0.6 - 1.0 |
| 1.1 - 1.5 |
| 1.6 - 2.0 |
| 2.1 - 2.5 |
| 2.6 - 3.0 |

A total of 66 percent of the persons living in the city are considered low income by HUD. As can be seen, all of the neighborhoods listed in Table 5 exceed this average. In addition, three of the core neighborhoods meet HUD’s definition of racially or ethnically concentrated areas. Finally, the housing stock in the core neighborhoods is some of the oldest in the city, creating greater cost burdens on property owners.

According to HUD’s CHAS data, the number of households city-wide that make 80 percent or less of the area median income has increased by 11 percent since 2017. To support these households, public service dollars will be available city-wide. Any household that meets HUD’s income requirement of 80 percent or less of the area median income would be eligible depending on the public service activities funded.

Finally, the code enforcement geographic area is a requirement of HUD to utilize CDBG funding for this activity. The city must analyze and make decisions on where CDBG-funded code enforcement is most appropriate within CDBG-eligible neighborhoods. The city reviews code enforcement activities at the census block group level to map where at least 20 percent of the properties have received some type of citation. The percentage requirement was determined an appropriate benchmark due to the impact this number of code enforcement infractions have on surrounding properties and the block group as a whole. The intent is to ensure code enforcement activities supported by CDBG have a positive impact on the neighborhood by reducing code concerns in the future. The city is mapped annually to adjust the code enforcement areas as improvements are experienced.

Discussion

The geographic areas determined to be CDBG-eligible are either established by HUD or the city during the development of each annual action plan. This is to ensure the federal funds received have the greatest possible impact on HUD-eligible households.

Affordable Housing

Introduction

Affordable housing continues to be a primary focus of the City of Kalamazoo through both the entitlement funds received from HUD and any local dollars available from the Housing Development Fund. As stated in the Needs Assessment and Housing Market Analysis, housing costs continue to rise, making rents and homeownership more difficult for those making 80 percent or less than the area median income. Housing cost burdens are significant for this population, often requiring more than 30 percent of their income.

The high-cost burden for housing contributes to other concerns for both homeowners and renters. High housing costs limit mobility and restrict housing choice due to restricted affordable options. It can also impact other necessities like food, healthcare, childcare, etc., placing financial stress on the household. For very low income households, this may lead to homelessness.

The city intends to utilize funding to support both renters and homeowners. **Tables 6 and 7**, with their format and terminology, are required by HUD.

Table 6: One Year Goals for Affordable Housing by Support Requirement	
Household Supported	Number
Homeless	20
Non-Homeless	131
Special Needs	20
Total	171

Table 7: One Year Goals for Affordable Housing by Support Type	
Housing Type	Number
Rental Assistance	60
Production of New Units	1
Rehab of Existing Units	110
Acquisition of Existing Units	0
Total	171

Discussion

While the city does not plan to use CDBG or HOME entitlement funding specifically for the development of housing for the homeless, the HOME- ARP grant will provide rental assistance to approximately 120 individuals that are homeless or are at emanate risk of homelessness over the life of the grant, which equates to approximately 30 persons each year.

In addition, the local Housing Development Fund will be utilized for the creation of new affordable units. While the total number is not available at the time of the creation of this Action Plan, we expect these funds to generate approximately 50 units.

Public Housing

Introduction

The City of Kalamazoo does not have a public housing commission nor is responsible for any public housing. Actions related to public housing are managed by other organizations outside the city.

Actions planned during the next year to address the needs to public housing.

N/A

Actions to encourage public housing residents to become more involved in management and participate in homeownership.

N/A

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance.

N/A

Homeless and other Special Needs

Introduction

Addressing homelessness and other special needs populations continues to be a goal of the Consolidated Plan. During the public outreach process for this 2025-2029 Consolidated Plan, the city reconfirmed that homelessness is still a major issue facing the Kalamazoo community. For this reason, the city continues to be active with the Kalamazoo County Continuum of Care who ensures coordinated efforts to help the homeless population.

The city does not receive direct funding for homelessness prevention and assistance programs through the Emergency Solution Grant from HUD. However, both CDBG and HOME funds support activities that benefit low income persons for the prevention of homelessness, as well as addressing homeowners with special needs. In addition, the city will give priority funding to affordable housing projects that provide housing units to homeless persons or those of very low income who may be in danger of becoming homeless.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

1. Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The Department of Public Safety in the city supports a Community Service Team and Social Services Coordinator that work directly with homeless persons. They strive to strengthen relationships and build connections between homeless persons, Public Safety, and service providers. They are

resource navigators working collaboratively with direct service providers to develop long-term plans, including housing.

The City of Kalamazoo will also continue to support the Kalamazoo County Continuum of Care and the service providers working with this organization. The Continuum of Care receives a Michigan State Housing Development Authority Emergency Solution Grant, which is intended for homelessness prevention in Kalamazoo County. The funding strengthens the supportive services provided to those experiencing or are in danger of experiencing homelessness. The following activities are funded:

- Street outreach
- Rapid re-housing
- Homelessness prevention
- Emergency shelters

Street outreach is conducted to try and understand individual needs related to mental health, substance abuse, and housing. Ultimately, the outreach is to provide homeless individuals with the services they need and to help them find permanent and supportive housing. The Kalamazoo County Continuum of Care convenes an Outreach Coordination Workgroup that is an interagency collaboration of service providers conducting street outreach. Households are referred to the coordinated entry process and strategies are developed to address household needs.

The Continuum of Care applies each year to the HUD Continuum of Care Program Competition. This funding source is designed to promote a community-wide commitment to the goal of ending homelessness. Agencies can apply for funding for transitional housing, rapid-rehousing, permanent supportive housing, and coordinated entry projects. The process begins with a local funding competition where projects are prioritized for the application to HUD. The amount of funding received is determined by performance on a Collaborative Application submitted by the Continuum of Care. Permanent supportive housing is typically the priority of this application process.

The Continuum of Care also provides a Mini Grant to homeless service providers that is a low-barrier local funding stream available to all members and partner organizations. The Mini Grant helps to address housing system gaps and support individuals and families in Kalamazoo County experiencing a housing crisis. Examples of past Mini Grants include hoteling; tents, sleeping bags, and tarps; bus tokens and other transportation; food and phone cards. The Mini Grants are made possible by generous funders including the Stryker Johnston Foundation and City of Kalamazoo's Foundation for Excellence.

2. Addressing the emergency shelter and transitional housing needs of homeless persons

Gryphon Place, which is a nonprofit organization that helps people navigate conflict and crises, is the local 2-1-1 provider for Kalamazoo County. This is a 24-hour information and referral service that matches individuals with the available housing resources that best meet their needs. Persons with greatest need are referred to Housing Resources, Inc., who are the Housing Assessment and Resource Agency (HARA) for the city. A HARA provides centralized intake and housing assessment, helping to ensure a comprehensive and community-wide housing delivery approach. HARAs also practice shelter diversion and work to rapidly re-house those who are homeless. People with an urgent need are referred to area emergency shelters where a housing plan is developed in consultation with the HARA.

The housing plan will utilize the Homeless Management Information System and prioritizes strength-based case management principles. Resources are provided based on need and may include case coordination, financial assistance, landlord/tenant education/engagement, linkage to community partner resources, and referrals to mainstream service providers. Emergency shelter services, with the goal of rapid re-housing, are provided to homeless households. These services include a shelter diversion assessment, shelter entry with the goal of rapid exit, financial assistance

in the form of rental subsidy, and tenant-landlord engagement. Emergency shelters with rapid re-housing services have the goal of achieving sustainable permanent affordable housing.

The following emergency shelters are available to the homeless population in Kalamazoo:

- Kalamazoo Gospel Ministries Shelter – serves single men, single women, and families.
- Oakland House – serves hard to serve homeless, priority given to mental health clients and those referred by other agencies.
- Next Door – serves single women.
- Open Door – serves single men.
- YWCA Shelter – serves victims of domestic assault and their children.
- The Ark Shelter – serves youth between the ages of 10 and 21.
- Keystone House - serves veterans.

3. Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Rapid re-housing is one of the most important strategies for moving persons and families quickly out of homelessness. The city has dedicated the majority of its HOME funding towards tenant-based rental assistance, which is one of the strategies to rapidly re-house persons and households experiencing homelessness or are under threat of homelessness. In addition, Housing Resources, Inc., utilizes funding from the Continuum of Care to help approximately 70 households annually to rapidly re-house. Provid-

ing this permanent housing through cash assistance and housing subsidies offers relative stability so the household can focus on other concerns that may have contributed to their homelessness.

In addition, there are currently 846 Housing Choice Vouchers being utilized to help alleviate homelessness in the city. The Housing Choice Voucher program is a federal program managed through the Michigan State Housing Development Authority that provides rental subsidies for very low income individuals and families. Families who are provided the voucher may find their own housing in private homes or apartment complexes. Unfortunately, the waiting list for the state program has been closed. This closure prompted the city to dedicate HOME funding to tenant based rental assistance to try and help fill the gap in services for city renters.

Additional resources focused on moving from homelessness to permanent housing include:

- Housing Resources, Inc. Housing Stabilization Program provides post-shelter support to families that have previously experienced homelessness. With the use of rental subsidies, financial pressures are reduced, allowing the participants to access more supportive services like financial/household management, employment referrals, housing plans, and other follow-up services.
- Catholic Charities Diocese of Kalamazoo's The Ark Shelter is a 21-day voluntary emergency shelter that assists youth and their families become more stable through identifying healthy lifestyle behaviors and developing positive decision-making skills with the hope of ending homelessness. The ARK is the only facility in Kalamazoo that assists adolescent homeless youth between the ages of 10 and 17 years. Catholic Charities Dioceses also operates the Youth Independent Living program, which provides transitional housing up to 18 months for homeless youth age 16 - 24.

- Open Doors Residence Community offers private apartments for low wage working individuals and families priced out of the housing market. Residents of the Open Doors homeless shelters often transition from the shelter home to an apartment within the Residence Community. Residents pay a monthly program fee which covers housing and additional personal support and assistance from Open Doors staff.
- Legacy House, managed by OutFront Kalamazoo offers transitional housing for LGBTQ+ young adults ages 18-24 who are experiencing homelessness. Legacy House provides residents with services, resources, and skill-building to facilitate healthy, sustainable, and holistic transitions into independent living.
- Kalamazoo County Continuum of Care RentAble program provides funding for security deposits that help reduce the high cost of moving into a rental unit, providing support in securing affordable stable housing while reducing the risk to landlords renting to tenants with barriers to housing.
- Kalamazoo Gospel Ministries assists homeless people and families of all ages. Advocacy and support is provided, including educational opportunities, life skills development, job readiness, and health services. Their long term programming is a one-year regenerative and recovery program focusing on managing health and addiction disorders.
- Bethany House Shelter for Women managed by Community Healing Centers is a shelter for women in recovery and their children. Services that are provided include room and board, and assistance with case management, transportation needs, and court/Child Protective Services advocacy.
- New Beginnings for Men is also offered by Community Healing Centers. This program provides transitional housing and supportive services for homeless men struggling with recovery issues.
- YWCA Domestic Violence Program provides shelter and services to domestic violence survivors and their children. While in the shelter, women and children can receive counseling, support groups, advocacy and information and referral services to outside organizations.
- Ministry with Community is a haven in Kalamazoo for people who need assistance, particularly the homeless. This is not an overnight shelter but one that provides services to persons needing support in their recovery from homelessness or poverty. The drop-in shelter offers laundry services, showers, haircuts, a place for mail pick up, meals, support for substance use recovery, help searching for birth records, and access to social workers.
- Veterans Service Office through Kalamazoo County Health and Community Services provides a variety of services for local veterans like healthcare applications, referrals for assistance, VA compensation, and dependents and survivors benefits. They also sponsor the homeless veterans Stand Down events, which are typically one- to three-day events providing supplies and services to homeless veterans. These could include food, shelter, clothing, health screenings, housing solutions, employment assistance, and substance and mental health counseling.
- Keystone 4 Vets Housing Program provides transitional housing for veterans 18 and older who are homeless or experiences post-traumatic stress disorder.
- The Lodge House, which is long-term housing for the homeless that opened for tenants in 2022. It is a 60-unit subsidized conversion of a hotel, providing fully furnished studio apartments, and coordination with Integrated Services of Kalamazoo for on-site support services.

- The Step-Up Family Shelter is a 40-bed shelter in an apartment community in Kalamazoo specifically designed to help families move from congregate shelter to apartment living.
- HERS (Homeless Emergency Response System) is a low-barrier shelter located in multiple, undisclosed single-family homes for those identified by local hospitals as people who frequent emergency rooms and are otherwise unhoused.
- The Recovery and Resiliency Trauma Center of HOPE provides transitional housing and support services for men who have been impacted by substance use disorder, homelessness, and/or incarceration.

4. Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Many of the housing activities supported by the CDBG and HOME programs help to ensure low-income individuals and families avoid becoming homeless. The home repair programs, particularly emergency home repairs, help to ensure families, including the city's senior population, may remain in their homes. In addition, the use of HOME funds for tenant based rental assistance and CDBG funds for security deposit assistance will likely go towards helping individuals and families avoid becoming homeless.

Housing Resources, Inc. has a housing stabilization program for renters facing short term crises. Their program includes:

- Supportive services to address the barriers creating their housing crisis. Specifically, collaborations with community agencies in order to encourage self-sufficiency by providing:
 - * Financial/Household Management
 - * Employment Referrals
 - * Education/Training
 - * Transportation
 - * Agency Referrals and Collaboration
- Rent subsidies based on funding availability.
- Establishment of individual goal plans and family success plans to prepare and maintain affordable housing of their own.
- Permanent housing placement assistance.

When considering those that are being discharged from a public institution or other system of care, housing is paramount to ensure stability to re-enter society. There are strong guidelines about discharge from the state hospitals and from the mental health unit at Borgess Hospital. Integrated Services of Kalamazoo employs hospital liaisons to work with individuals prior to release to create a "person-centered plan" which includes next steps after discharge. They also fund a jail liaison position to connect people in jail with appropriate mainstream and Medicaid funded mental health services.

The Community Service Team and Social Services Coordinator of the Kalamazoo Department of Public Safety also assist with the creation of sustainable housing plans for homeless persons who are discharged from the hospital or jail.

The following outlines the discharge guidelines for some public institutions or systems of care:

Foster Care: Local foster care providers are required to adhere to Michigan's laws, policies, and procedures applicable to adult and child foster care placement and discharge. Young adults (ages 18-21) transitioning out of foster care to independent living are assisted in finding suitable and

sustainable living arrangements. They may be provided first month's rent, security/utility deposit, and monies to purchase household goods, food, and supplies. Discharge is guided by a needs assessment and the information collected in an individual service plan.

Health Care: Discharge assessment, planning, and follow-up procedures are managed by providing a multi-disciplinary team approach to patients with post-hospital needs. Discharge planning is the vehicle which moves the patient to the proper level of post-hospital care and/or to the proper facility.

Mental Health: Integrated Services of Kalamazoo follows the dictates of Section 330.1209b of the Mental Health Code which states that, "the community mental health services program shall produce in writing a plan for community placement and aftercare services that is sufficient to meet the needs of the individual."

Veterans: The regional Veteran's Administration follows a set of discharge criteria when releasing patients into the community. Social workers and case managers assess and work with the patients who are homeless to find them emergency shelter, homeless housing, and/or other supportive services to ensure suitable placement is achieved after discharge. The regional Veteran's Administration serves up to 14,000 veterans per year, half of whom are from the Kalamazoo County area.

The discharge procedures noted above often receive rental assistance from local providers like Housing Resources, Inc. and Catholic Charities Diocese of Kalamazoo to ensure housing stability when leaving an institutional setting.

Discussion

The Kalamazoo County Continuum of Care conducts an annual 24-hour point-in-time count of those who are experiencing homelessness. This count is intended to provide a snapshot of Kalamazoo County's homeless population. It

is one way to collectively understand the scope and breadth of homelessness in our community. The count is an important effort that ensures the voices of people experiencing homelessness are heard. It also helps the Continuum of Care develop more effective plans and measure progress toward ending homelessness. In addition, the providers noted within this section of the Action Plan utilize the point-in-time count to ensure they offer the appropriate services needed within the Kalamazoo community.

Barriers to Affordable Housing

Introduction

Barriers to affordable housing are varied and complex, such as increasing costs of construction, housing costs rising faster than incomes, public "not in my back yard" NIMBYism, and dependence on automobiles between housing and employment. In addition, public policies related to zoning ordinances and building codes may be barriers to the development of affordable housing. Social issues like poverty and lack of employment, and outside forces like reductions in federal and state funding to develop new housing, also present barriers.

Some specifics in the City of Kalamazoo include:

Available Land: Most of the available land in the city has been developed. There are only a small number of large vacant tracts that remain, thereby limiting the number of new units that can be constructed. There are several smaller parcels that are vacant and suitable for infill construction of residential units. While important, will have a smaller impact towards meeting the affordable housing need. Finally, vacant or underutilized commercial buildings could be redevelopment for residential uses, however this could be costly.

Environmental Issues: A barrier to the development and redevelopment of many of these infill sites is environmental contamination. In many of the lower income neighborhoods, the larger tracts of land that are available for rede-

velopment are environmentally contaminated, primarily due to overuse of the site or an adjacent contamination. Clean-up of these sites can be very costly, thereby limiting the ability to attract new business and housing.

Zoning Ordinances and Land Use Policies: Zoning regulations can be an impediment to affordable housing through density limits, height restrictions, parking requirements, and lengthy permitting processes. However, the city zoning ordinances must strike a balance between the needs of the community and goals of developers. Some barriers to infill development identified through the Imagine Kalamazoo 2025 Plan were lot sizes, building restrictions, site standards and lot coverage.

Housing and Building Codes: Concerns have been raised that the city-mandated rental certification program is a barrier to affordable housing because it adds an additional cost to the management of rental properties. However, in a city where over half of the residential units are rental, a program of this type is necessary to not only maintain the health and safety of those who rent in Kalamazoo, but to preserve or improve property values in city neighborhoods.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment.

Zoning: The city completed a number of changes to the Kalamazoo Zoning Ordinance to try and reduce barriers to affordable housing. These included allowing single-family construction in multi-family zones, permitting duplexes in some single-family districts, creating mixed-use districts to encourage walkability, allowing accessory dwelling units for infill housing, and reducing minimum lot widths. During the 2025 program year, the city plans to overhaul all the residential zoning districts; reducing the number and complexity of the districts. This work will support increased housing opportunities in all neigh-

borhoods, including permitting a broader number of housing types that are not consistently found in our neighborhoods.

Available Land: The city is working in partnership with the Kalamazoo County Land Bank Authority to develop vacant lots within the CDBG-eligible census tracts for the purpose of neighborhood appropriate single- and multi-family affordable housing. The city has removed side lot allowances (selling a vacant lot to a neighboring property owner for combination) and instead are following land use best practices for buildable lots to increase housing options.

Community Partners: The city will also address barriers to affordable housing through our community partners. In PY2025, over \$1.2 million of the CDBG and HOME award is going towards some type of housing activity. These funds will help to increase the supply of affordable housing, as well as help those in affordable units to remain housed. Most of these partners also provide needed social services that help households with long-term housing sustainability.

Property Standards: The City of Kalamazoo's property standards and anti-bligh efforts are funded with CDBG. One of the main purposes is the identification and resolution of blighted housing units, which can be made available for low income households after rehabilitation, thereby increasing the number of affordable housing units in the city.

Pre-Approved Plans: The city has also reduced barriers by creating pre-approved housing plans that include the designs of the home, site plan, permits, and utility plans. The pre-approved plan program is an effort to simplify and reduce the cost of the early stages of development, which encourages building on lots or land that may otherwise not have been considered.

Discussion

Many of the city's community partners also provide needed services that help households with long-term housing sustainability. Removing barriers to affordable housing is the first goal, then stability is needed so long-term goals can be accomplished. The nonprofit organizations and affordable housing de-

velopers that have partnered with the city in recent years to assist with sustainable affordable housing include:

- 530 S. Rose LDHALP
- Bogan Development, LLC
- Community Homeworks
- Edison Neighborhood Association
- Hollander Development
- HOPE thru Navigation
- Housing Resources, Inc.
- Integrated Services of Kalamazoo
- Kalamazoo County Housing Department
- Kalamazoo County Land Bank
- Kalamazoo County Treasurer
- Kalamazoo Eastside Neighborhood Association
- Kalamazoo Neighborhood Housing Services
- Kalamazoo Valley Habitat for Humanity
- Legal Aid of Western Michigan
- LIFT Foundation
- Local Initiatives Support Corporation
- Milestone Senior Services, Inc.
- Standard Caddis 4 LDHALP
- Zero Day

In addition, during the time period of the 2025-2029 Consolidated Plan, the City of Kalamazoo will support the following:

- Work with local nonprofit housing providers to develop a variety of housing types like duplexes, townhomes, 4-unit apartments to provide a wider range of rents and mortgage costs through the use of city pre-approved housing plans.
- Improve access to quality rental housing in Kalamazoo through continued support of tenant based rental assistance programs.

- Work with local nonprofit housing providers on free and/or reduced-cost financial literacy for households from the CDBG-eligible neighborhoods.
- Focus CDBG funding on substandard housing and/or deferred maintenance of affordable housing units, particularly the core neighborhoods.
- Continue supporting the housing repair program recently developed for low-income homeowners that receive code violations.
- Remediate household lead-based paint hazards, with a focus on homes with children under six years of age.

Other Actions

Introduction

Per HUD regulation 24 CFR 91.220.K, some additional actions need to be addressed in the PY2025 Action Plan, which are the specific requirements of this regulation. However, many of these items have already been outlined earlier in the Action Plan report as required by HUD, so only a brief summary will be provided here. For those items not yet addressed, more detail will be included.

Actions planned to address obstacles to meeting underserved needs.

For the 2025-2029 Consolidated Plan, the city determined that more CDBG funding should be set-aside for public service activities than in previous consolidated plans. During the community outreach for the 2025-2029 Plan, assisting special needs and underserved populations was listed as a community priority. The city's Community Development Act Advisory Committee will review and evaluate public service applications to determine which activities should be funded on an annual basis.

The city will also continue to collaborate with local community housing and human service providers, business leaders, residents, and the development community to identify areas of need. Community Development staff will make a concerted effort to enhance coordination efforts through PY2025 with local funders and other nonprofit organizations to try and address underserved needs. The actions that are currently scheduled as part of this Action Plan include:

- Assistance with construction costs for the development of affordable housing due to the increase in supply costs and labor shortages through the Housing Development Fund.
- Development of new affordable housing that will support low-income families with HOME funding.
- Support of tenant based rental assistance through HOME and HOME-ARP programs.
- Coordination with the Kalamazoo County Continuum of Care related to supportive housing.
- Direct support for low-income families with critical and code repair concerns.

Actions planned to foster and maintain affordable housing.

In PY2025, the city will continue to place an emphasis on affordable housing. A total of \$1,023,770.14 in CDBG and \$441,699.60 in HOME funds will be used towards rental assistance, improvements to affordable housing, or supporting the neighborhoods where affordable housing is located. HOME-ARP dollars will provide tenant based rental assistance for the homeless and/or special needs populations. Funds from the HUD Office of Lead Hazard Controls and Healthy Homes will remediate lead-based paint hazards for low-income households with children under the age of six.

Actions planned to reduce lead-based paint hazards.

The rehabilitation of older housing in the city is a priority for several reasons. As previously stated, a majority of the housing stock within the core neighborhoods was built before 1980. According to the U.S. Census, 88 percent of the owner-occupied and 76 percent of the renter-occupied housing in the city was built prior to 1980. Due to its age, the likelihood of finding lead-based paint within these homes is high. As this housing stock is important to maintaining affordable housing in the city, remediation of lead-based paint hazards is necessary to ensure the health of children growing up in these homes.

The City of Kalamazoo was awarded a Lead Based Paint Hazard Reduction Grant in 2022. The specifics of the grant are as follows:

- Awarded December of 2022.
- Grant award is \$3,971,441.40
- Grant period is for four years.
- Approximately 90 homes are expected to be remediated.
- Grant was written in collaboration with Kalamazoo Neighborhood Housing Services.
- An additional \$696,000 Healthy Homes grant is available for indoor air quality testing, including radon testing and remediation.

The city also continues to include lead hazard reduction strategies into repairs of rental properties inspected under the city's housing code. The Rental Registration and Certification Program inspects all rental properties at least once every three years. When potential or existing problems are located, inspectors require appropriate remediation actions.

Subrecipients of city grant funding are required to comply with the lead-based paint disclosure rule of 1996 and the September 2000 regulation, "Requirements for Notification, Evaluation and Reduction of Lead Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Fed-

eral Assistance.” When subrecipients or developers rehabilitate units, they are required to remediate any lead-based paint hazards found and inform the new occupants of the steps taken to eliminate this hazard.

Actions planned to reduce the number of poverty-level families.

Close to one-third of the city lives below the federal poverty level. The City of Kalamazoo has initiated Shared Prosperity Kalamazoo (SPK) to address this issue. SPK is an ambitious plan to transform the city into a place where every child and every adult thrives and prospers. The Shared Prosperity Kalamazoo Action Plan has three goals that activities are being planned and implemented on simultaneously. They are:

1. Promote the health growth, development, and learning of children.
2. Increase access to good jobs.
3. Promote strong families.

The SPK Action Plan defines “priority” populations as:

1. Families of color
2. Families at or below the ALICE (asset limited, income constrained, employed) threshold
3. Neighborhoods of concentrated poverty
4. Individuals with criminal records

The combination of aspirational goals and community engagement has led SPK to focus on three particular neighborhoods that encompass five CDBG-eligible census tracts within the city—Eastside, Edison, and Northside for targeted action projects.

The goals of the Shared Prosperity Kalamazoo Action Plan and the activities supported by this HUD Action Plan are closely aligned. Both plans address the following:

- Low income residents
- Low income and racially-concentrated neighborhoods of the city (CDBG-eligible Census tracts)
- Housing stability
- Youth development through public service activities

The City of Kalamazoo is leveraging HUD grant funding with private and foundation funding to address these shared goals.

Actions planned to develop institutional structure.

During PY2025, the Community Development Division plans to cross-train our team to become more cohesive and support a wide variety of HUD related grant requirements. Policy and procedures will be reviewed and updated to correspond with the new 2025-2029 Consolidated Plan. Finally, the city is working towards utilizing grant management software to assist Community Development staff with federal compliance. This software is also being considered by the Kalamazoo County Housing Department so we can better coordinate efforts related to housing development.

To ensure strong coordination among partners, city staff sit on boards or participates in organizational meetings. A member of the city management team sits on the Continuum of Care’s Local Advisory Board to advise on strategies to address homelessness. A coalition was recently convened between the City of Kalamazoo, City of Portage, and Kalamazoo County, which includes city management and staff from the Department of Community Planning and Economic Development, to address homelessness. This coalition discusses homelessness on a regional basis to determine potential solutions for the Kalamazoo community as a whole. In addition, the city has staff in Shared Prosperity Kalamazoo and the Foundation for Excellence that support the projects and activities being funded by HUD grants. The shared vision of all these organizations to support and improve the lives of city residents allows for a coordination of efforts not previously seen in the city.

From a development perspective, the city convenes a Projects Team meeting biweekly to discuss potential and ongoing construction projects in the community. This is particularly important for the affordable housing projects being funded by city entitlement or housing development funds. The Projects Team meetings bring representatives from all city departments that have requirements related to new construction or rehabilitation of structures. This allows a coordinated response to the developer as they move through the city's approval processes for site plan review and building permits.

In addition, the city has a dedicated staff person to interact and liaise with the diverse neighborhood associations within the community. This is particularly helpful with the core neighborhoods, who are all CDBG-eligible.

To assist the city with the capacity and institutional structure of our nonprofit partners, the Kalamazoo Public Library provides *ONEplace @ kpl*, which stands for Opportunities for Nonprofit Excellence. They provide a management support center that offers capacity building opportunities for nonprofits within Kalamazoo County. ONEplace gathers local nonprofit leaders and peer-groups to learn from each other and to draw upon the thinking of nationally recognized researchers and practitioners. These opportunities strengthen the organizational capability of our nonprofit partners, which improves the performance outcomes gained through the city's grant funding.

CDBG will also be funding projects in PY2025 that will be managed by internal city departments. These include Parks and Recreation and the Housing Inspection and Code Enforcement Division. The Community Development Division will provide technical assistance as needed to subrecipients and internal departments receiving funding to ensure all federal rules and regulations are being met.

Actions planned to enhance coordination between public and private housing and social service agencies.

The City of Kalamazoo has a multitude of nonprofit partners that work towards a better future for low-income households and the underserved. Many

of these nonprofits work closely with the city, often receiving funding through the CDBG and HOME programs. Coordination becomes essential to ensure proper delivery of their services as well as compliance with federal rules and regulations. To that end, the city will undertake the following steps to strengthen coordination:

- Participate in countywide planning activities as they relate to housing.
- Participate with the Continuum of Care in addressing the needs of the homeless.
- Continue to build collaborations within the local development entities to consolidate resources and efforts, and to assist in finding more funding sources.
- Provide educational and capacity building training opportunities to nonprofit agencies to enhance management capacity, resulting in an increased ability to undertake and carry out the provision of affordable housing and related support services.
- Provide monitoring sessions with subrecipients to assist with the understanding of federal regulations and to ensure proper expenditure of federal funds.
- Promote ONEplace@kpl and other free services to nonprofit organizations providing capacity building, technical assistance, workshops, seminars, and research opportunities.
- Enhance coordination internally between the Community Development Division and departments that receive federal funding.
- Coordinate with Shared Prosperity Kalamazoo and the Foundation for Excellence for affordable housing development and other needed services to the low income populations of Kalamazoo.

Discussion

As the city funds activities to address the goals established in the 2025-2029 Consolidated Plan, close communication with internal and external stakeholders will be essential to promote coordination among private and governmental housing, health, mental health, and service agencies. Addressing underserved needs and ensuring access to affordable housing are priorities of the Consolidated Plan.

Program Specific Requirements

Introduction

The following information details some program specific information related to the CDBG and HOME grants. The CDBG information is almost exclusively related to program income generated each year from previous activities. The HOME section details more specific information on some of the policies and procedures related to this funding source required by HUD.

Community Development Block Grant Program (CDBG)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has yet been reprogrammed.	\$0.00
2. The amount of proceeds from Section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee’s strategic plan.	\$0.00
3. The amount of surplus funds from urban renewal settlements.	\$0.00
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in prior statement or plan.	\$0.00
5. The amount of income from float-funded activities.	\$0.00
Total program income:	\$0.00

Other CDBG Requirements

1. The amount of urgent need activities.
- No urgent need activities are planned in PY2025.
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income.
- After subtracting the allowable administration budget from the CDBG award, a total of 80 percent of the funds are expected to be used for activities that benefit low-income persons.

HOME Investment partnership Program (HOME)

- I. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:
- The City of Kalamazoo only funds HOME activities that are eligible as listed in 24 CFR 92.205

- II. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

A. Resale Provisions

The City of Kalamazoo utilizes the Resale Provisions when HOME assistance is provided to newly built or redeveloped housing, but with no direct assistance to the homebuyer. The HOME resale provisions are established at §92.254(a)(5)(1) and ensure the following:

1. The property is sold to another low-income homebuyer who will use the property as their principal residence;
2. The original homebuyer receives a fair return on investment, (i.e., the homebuyer's down payment plus capital improvements made to the house); and
3. The property is sold at a price that is "affordable to a reasonable range of low-income buyers."

a) Long Term Affordability

Under the city's resale provisions, if the housing is transferred, voluntarily or otherwise, during the period of affordability, it must be made available for subsequent purchase *only* to a buyer whose family qualifies as low-income and will use the property as its principal residence. The HOME resale provisions must enforce these requirements as any housing assisted with HOME funds must remain affordable for the duration of the period of affordability.

b) Fair Return to Initial Buyer

Upon sale of the property by the initial homebuyer, the homeowner must receive a "fair return" on their investment. A fair return on their investment will be based on the Inflation Rate Multiplier established by the Michigan State Tax Commission and made available to the public on November 15th of each year. To determine a fair return on investment, the Inflation Rate Multiplier will be averaged for time period the initial homebuyer owns and resides in the HOME assisted unit.

In addition, the basis for calculating the fair return will include the homeowner's original investment (i.e., down payment, closing costs) plus any capital improvements as defined herein, including depreciation. The fair return will only apply to sales within the HOME affordability period.

It is important to note that in certain circumstances, such as a declining housing market where home values are depreciating, the original homebuyer may not receive a total return on his or her investment because the home sold for less or the same price as the original purchase price.

c) Capital Improvement Depreciation

Capital improvements performed by the homeowner will depreciate over a recovery period of 27.5 years using the straight-line method of depreciation outlined by the Internal Revenue Service from the date of improvement completion. For example, if the homeowner completed \$5,000 in capital improvements and then sold the home three years later, the depreciation would calculate as follows:

$\$5,000 / 27.5 \text{ years} = \182 per year
 $3 \text{ years of depreciation} \times \$182 = \$546$
 $\$5,000 - \$546 = \$4,454$

At the time of resale, the depreciated amount of the capital improvements (\$4,454) will be utilized in the calculation to determine fair return on investment.

Capital improvements by the homeowner must be substantiated with invoices, receipts, bank statements, etc. to confirm total investment.

d) Continued Affordability

During the affordability period all new homeowners must, at time of purchase, be between 30 percent and 80 percent of the area median income, adjusted for family size, as determined by HUD. The property must be affordable to a reasonable range of low-income homebuyers who pay no more than 35 percent of their household adjusted gross income for principal, interest, property taxes, and insurance.

e) Resale Process

When a resale is triggered during the period of affordability, the homeowner and/or developer/CHDO shall immediately notify the City of Kalamazoo Community Planning and Economic Development compliance staff. City staff will confer with the homeowner/developer to ensure the following:

- i. Agree on the new sale price with consultation from the developer/CHDO and a written third-party appraisal.
- ii. Confirm the fair return on investment calculation to the seller.

- iii. Review the income eligibility of the subsequent buyer and ensure the buyer will use the property as its principal residence.
- iv. Determine that the subsequent homebuyer is aware of and will continue the period of affordability that is still in effect.
- v. Enter into a Homeowner Participation Agreement with the new buyer.
- vi. If required, new HOME funds will be invested for the subsequent low-income homebuyer, which will extend the period of affordability according to HOME regulations.

B. Recapture Provisions

The City of Kalamazoo utilizes the Recapture Provisions when HOME funds are provided to a homebuyer. The HOME recapture provisions are established at §92.254(a)(5)(ii) and permit the original homebuyer to sell the property to any willing buyer during the period of affordability and the City is able to recapture all or a portion of the HOME-assistance provided to the original homebuyer.

1. Long Term Affordability

Under the city's recapture provisions, the house may be sold to any homebuyer for whatever the market will allow. However, if the homebuyer transfers the property either voluntarily or involuntarily during the period of affordability, the City recovers from available net proceeds all, or a portion of, the HOME assistance.

2. Reduction During Affordability Period

The City will reduce the amount of the direct HOME subsidy on a pro-rata basis each year of affordability. The resulting ratio would be used to determine how much of the direct HOME subsidy the City would recapture. The pro rata amount recaptured by the City cannot exceed what is available from net proceeds.

To determine the pro rata amount recaptured by the City:

- a) Divide the number of years the homebuyer occupied the home by the direct HOME subsidy,
- b) Multiply the resulting figure by the number of years left in the affordability period.

3. Shared Net Proceeds

In some cases, such as declining housing markets, the net proceeds available at the time of sale may be insufficient to recapture the entire direct HOME subsidy, and the down payment and any subsequent capital investments of the homebuyer. If such a case occurs, the City will share the net proceeds with the owner in the following manner:

City Proceeds:

- a) Divide the entire direct HOME subsidy by the sum of the direct HOME subsidy plus the homebuyer investment.
- b) Multiply this number by the net proceeds of the sale.

Homebuyer Proceeds:

- a) Divide the homebuyer's investment by the sum of the direct HOME subsidy plus the homebuyer investment.

- b) Multiply this number by the net proceeds of the sale.

4. Capital Improvement Depreciation

Capital improvements performed by the homeowner will depreciate over a recovery period of 27.5 years using the straight-line method of depreciation outlined by the Internal Revenue Service from the date of improvement completion.

At the time of resale, the depreciated amount of the capital improvements will be utilized in the calculation of shared net proceeds. Any remaining balance of the net proceeds would be applied to repaying the direct HOME subsidy.

Capital improvements by the homeowner must be substantiated with invoices, receipts, bank statements, etc. to confirm total investment.

5. Recapture Triggers:

The recapture provisions are triggered when the following occurs:

- a) The house is sold, foreclosed, or occupied by someone other than the approved purchaser under the HOME program.
- b) Non-compliance with the residency requirement will require the immediate payback of HOME funds invested into the property per the requirements noted herein.

III. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds. See 24 CFR 92.254(a)(4) are as follows:

- A. Resale Provisions – The total amount of HOME funds provided to the activity, including developer and downpayment assistance. For exam-

ple, a developer is provided \$50,000 to rehabilitate a single-family unit, and the homebuyer is provided \$5,000 in downpayment assistance. The full \$55,000 is utilized to determine the years of affordability (15 years).

- B. Recapture Provisions – The total amount of direct HOME subsidy to the buyer, typically downpayment assistance, closing costs, or any financial assistance to reduce the cost of the home from fair market value to an affordable price. For example, a developer is provided \$50,000 to rehabilitate a single-family unit, the homebuyer is provided \$5,000 in downpayment assistance, and a second forgivable loan of \$20,000 is provided for the gap between fair market value and the affordable purchase price. Only the \$5,000 in downpayment assistance and the \$20,000 forgivable loan is utilized to determine the years of affordability (10 years).

- C. Exemption – Development subsidies are not subject to recapture. Therefore, only the resale option may be used for properties that receive development subsidies only (that is, no direct financial assistance is provided to the homebuyer).

A development subsidy is the difference between the cost to develop housing and the market price. For example, \$120,000 in HOME funds is provided to a developer to build a new single-family home. The appraised value after construction will be \$100,000 because of neighborhood and market conditions. The \$20,000 difference between the \$100,000 sale price and \$120,000 HOME investment is not repaid and represents a development subsidy provided to the developer. While the subsidy does not go directly to the homebuyer, it helps make development of an affordable home feasible.

- IV. Plans for using HOME funds to refinance existing debt secured by multi-family housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The city does not plan to utilize HOME funds in this way during the 2025 program year.

- V. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

The tenant based rental assistance funding will not have specific preference for persons with special needs or disabilities.

- VI. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

The tenant based rental assistance funding will not have specific preference for persons with special needs or disabilities.

- VII. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

No preference is planned for rental housing projects.