



City of Kalamazoo
Substantial Amendment to Program Year 2019 and 2023 Action Plans

Executive Summary

The following serves as an amendment to the City of Kalamazoo’s Program Year (PY) 2019 and 2023 Action Plans per the requirements of the U.S. Department of Housing and Urban Development (HUD) and the city’s Citizen Participation Plan. Under HUD program regulations found at 24 CFR 91.105 (b)(1) and 91.505 (a), the City of Kalamazoo must adequately inform its citizens of the range of activities it expects to undertake during each program year. The City of Kalamazoo provided this information during annual public hearings and within the corresponding PY2019 and 2023 Action Plan documents. This Substantial Amendment is to accomplish the following:

- Allocate an increase in available CDBG funding to an activity previously approved in the PY2023 Action Plan to ensure timeliness of CDBG expenditures.
- Reallocate CDBG-CV funds from administration and small business assistance to rental assistance.
- Utilize previous unallocated HOME funding. Unallocated dollars were either not assigned to an activity or are available from recent program years because older funding was utilized for current projects.
- Allocate program income received from a previous HOME loan.

PY2019 Action Plan Amendments

The PY2019 Action Plan was amended to include the allocation of Community Development Block Grant CARES Act (CDBG-CV) funding. Funding was provided to the following activities:

CDBG-CV (CARES Act Special Allocation)		
Agency	Activity Name	Funding
City of Kalamazoo	Administration	\$114,554.75
Housing Resources, Inc.	Rental Assistance	\$719,053.00
United Way	Small Business Assistance	\$239,684.25
Senior Services	Food Assistance	\$ 25,000.00
Housing Resources, Inc.	Subsistence Payments	\$343,227.00
TOTAL CDBG-CV PROGRAM ALLOCATIONS:		\$1,441,519.00

As the CDBG-CV special allocation grant is coming to a close, both the administration and small business assistance budgets need to be amended to ensure full expenditure of the funds. The

United Way of Battle Creek and Kalamazoo Region ran a program from December of 2020 through January of 2024 to provide supplies to small business to help prevent the spread of COVID-19. The organization expended \$197,729.99 of these funds within the time period of their agreement. They have indicated the remaining \$41,954.26 will not be utilized and therefore must be reprogrammed by the city.

In addition, there is \$50,045.74 in administration funds that will not be required as this grant is almost fully expended. The largest majority of the administration activities for the grant have been concluded. The full amount of the remaining funds will not be needed to finalize any remaining grant responsibilities to HUD. To expend these funds by the grant deadline of July 2025, they will need to be reprogrammed to a new activity.

Community Development staff would like to reallocate these funds to Housing Resources, Inc. for rental assistance, which was a recommended project by the Community Development Act Advisory Committee (CDAAC). With the number of households in the city that rent and have incomes 80 percent or below the area median income, this is the most beneficial and expeditious way to disburse the funds.

Therefore, the following is recommended:

CDBG-CV reallocation from:		
Agency	Activity Name	Funding
City of Kalamazoo	Administration	\$50,045.74
United Way	Small Business Assistance	\$41,954.26
CDBG-CV reallocation to:		
Housing Resources, Inc.	Rental Assistance	\$92,000
Total CDBG-CV Reallocation:		\$92,000

PY2023 Action Plan Amendments

Community Development Block Grant

After the approval of the PY2023 Action Plan, Community Development staff completed a review of the available CDBG funds that could be allocated to an activity. The city was under significant pressure from HUD to ensure expenditures would meet their timeliness requirement for the 2023 program year. Since the COVID-19 pandemic, many communities have been working to catch up on expenditures, including Kalamazoo.

With that in mind, the Community Homeworks Critical Repair Program was funded their full application request, which was \$200,000. This was \$62,500 more than approved through the Action Plan process. These dollars came from the code enforcement budget, which did not utilize all of the CDBG funds allocated during the COVID-19 pandemic. This allowed these older dollars to subsidize the current code enforcement budget, which left 2023 funds available to allocate.

This assignment of CDBG funds was allowable per the HUD Citizen Participation Plan. However, the city’s purchasing policy requires any dollar amount greater than \$100,000 to be approved by the City Commission. The \$62,500 of the PY2023 Community Homeworks Critical Repair Program is included in this Substantial Amendment to observe local policy requirements.

Therefore, the following is recommended:

CDBG reallocation from:			
Program Year	Agency	Activity Name	Funding
2023	City of Kalamazoo	Code Enforcement	\$62,500
CDBG reallocation to:			
2023	Community Homeworks	Critical Repair Program	\$62,500
Total CDBG Reallocation:			\$62,500

HOME Investment Partnership Program

Over the last several Action Plans, HOME dollars have either not been fully allocated, were allocated to projects that were canceled by the developer or were assigned to “affordable housing” without a specific project in mind. In addition, the city received a HOME loan repayment (program income), which needs to be allocated to an affordable housing rental project, which was how the program income was generated.

At this time, the Community Development staff would like to allocate/program the following HOME funds:

Program Year	Action Plan Activity or Fund Type	Action	Amount
2021	Housing for All	Program to a Specific Activity	\$262,264.00
2021	Unallocated	Allocate	\$118,270.57
2021	KVHH Returned Funding (subrecipient canceled project)	Reallocate	\$17,608.23
2022	Rental Rehab – Odyssey Community Improvement (subrecipient canceled project)	Reallocate	\$71,000.00
2022	Unallocated	Allocate	\$130,857.20
2023	Program Income	Allocate	\$400,000.00
Total:			\$1,000,000

The HOME Program is designed to develop and support affordable housing for low-income persons and families. Activities such as acquisition, new construction, and rehabilitation of single- and multiple-family homes are permitted. Community Development staff reviewed two projects with the Community Development Act Advisory Committee (CDAAC) and received their recommendation to submit these projects to the City Commission for consideration. The proposed projects include:

YWCA Affordable Rental Housing Project

Development of 24 units of affordable housing with all 24 units dedicated and designed for the use of YWCA Kalamazoo program participants who are survivors of domestic violence, sexual assault, and human trafficking. Wrap-around direct client services including home visitation, case management, advocacy, legal, and therapeutic services will be provided by YWCA Kalamazoo. Additionally, job training will be provided by Zero Day to interested YWCA Kalamazoo clients who wish to enter the construction trades and increase their opportunities for financial security.

All 24 units will be targeted to households whose median incomes are 30 percent or less of the HUD area median incomes. These units will have project-based rental voucher assistance through the State, allowing the household's rent to be determined at 30 percent of their adjusted monthly income.

Across all sectors of populations served by YWCA Kalamazoo, there is a significant problem of housing insecurity. It is estimated that 80 percent of clients served by YWCA experience homelessness, housing insecurity, and/or live in unsafe environments. The lack of safe and affordable housing is often reported as a primary barrier survivors of domestic violence face when they choose to leave an abusive partner.

The YWCA affordable rental housing project has received support from the Kalamazoo County Housing Millage and will be seeking low-income housing tax credits from the Michigan State Housing Development Authority (MSHDA). Based on the project's proforma and current financial needs, Community Development staff and the Community Development Act Advisory Committee recommends supporting this project with **\$500,000 of HOME** gap funding to ensure the project can be developed. These dollars would support eight of the 24 units at approximately \$62,500 per unit. Long-term affordability will be assured for residents through both the HOME program (20 years) and the project-based vouchers planned for this development.

The Legacy Senior Housing Project - Hollander Development/Mt. Zion Baptist Church

The Legacy project is a proposed 70-unit low-income senior housing project that is being developed to provide quality, affordable housing options to seniors meeting HUD's income limits for Kalamazoo. Every unit will meet the affordability requirement for seniors making less than 80 percent of the area median income. It is expected that, once completed, the following incomes and number of units will be targeted:

Percentage of AMI	Number of Units
20%	4
30%	1
60%	56
70%	5
80%	4

The development will also include recreational and communal spaces, as well as in-unit washer and dryer, dishwasher, central air, elevator access to all units, and a roof deck. The inclusion of a community garden area and possibly a green roof feature is being explored for the project.

The Legacy project will be developed in two concurrent but integrated phases, to allow for utilization of multiple financing sources. The developer intends to utilize both tax-exempt bond financing from MSHDA and funds raised through low-income housing tax credits.

Based on the project’s proforma and current financial needs, Community Development staff and the Community Development Act Advisory Committee recommends supporting this project with **\$500,000 of HOME** gap funding to ensure the project can be developed. These dollars would fund eight of the 70 units at approximately \$62,500 per unit. Long-term affordability will be assured for residents through both the HOME program (20 years) and the low-income housing tax credits planned for The Legacy.

Consolidated Plan

The City of Kalamazoo’s 2019-2024 Consolidated Plan is the primary tool used to determine how federal funding can best address the City’s needs. These projects are supported by the city’s current Plan in the following ways:

- Improve the amount of decent and affordable housing in the City of Kalamazoo by supporting the maintenance, rehabilitation and development of accessible owner and renter occupied housing.
- Increase affordable rental housing through rehabilitation and new construction.

Imagine Kalamazoo 2025 Master Plan

Imagine Kalamazoo 2025 Master Plan is the road map for city projects. It shapes the city’s future built environment by guiding growth and development, preserving Kalamazoo’s unique character, and enhancing Kalamazoo neighborhoods. The recommended housing projects support the following Strategic Vision Goals and Actions of the Master Plan:

- Develop rehabilitation strategies for existing homes and buildings, including historic structures.

- Preserve Kalamazoo's single-family homes by investing in maintenance, preservation, improvement, and development of single-family housing infill for all persons, regardless of income level.

Applicable to the Community Homeworks project.

- Determine affordable housing financing strategies that can meet the needs of Kalamazoo residents; infill and rehabilitation.
 - Invest in and incentivize development projects that create senior living/assisted care opportunities and housing options that are affordable throughout the City.
 - Evaluate and promote a mix of housing types across neighborhoods to accommodate various income levels so residents can remain in the City or in their neighborhood as lifestyle needs change.

Applicable to all housing projects.

- Address homelessness with partners and providers to provide safe environments for individuals and families; engage wrap around services for recovery and mental health support.
 - Provide crisis housing with financial assistance and wrap around supportive services needed by program participants to quickly move into permanent housing.

Applicable to the Housing Resources, Inc., and YWCA project.

- Create a plan for shared prosperity that reaches qualitative and quantitative targets to build wealth and justice while impacting youth, jobs, and families.
 - Evaluate senior housing needs and access to services and resources.

Applicable to the Legacy project.

- Explore the eco-system of education and training programs that support adults re-entering the workforce, changing careers, and acquiring new skills.
 - Invest in soft skills training, GED programs, service learning, and technical skills.

Applicable to the YWCA project.

Neighborhood Plans

Of the two development projects proposed (YWCA and The Legacy senior housing project), the Legacy development is within a neighborhood that has a Neighborhood Plan. The housing strategy for the Northside Neighborhood is to preserve existing housing and build new housing to accommodate all resident needs. A specific emphasis is placed on creating long term

affordability through the support of resources and coordination of projects. The Legacy project compliments this vision by providing at least 20 years of affordability for a vulnerable population.

The Community Homeworks Critical Repair Program is focused on the core neighborhoods of Kalamazoo, including Eastside, Edison, Douglas, Northside, Stuart, and Vine. All of these neighborhoods, except Douglas, have a Neighborhood Plan that outlines a priority or strategy to assist existing homeowners with maintenance and repairs.

Citizen Participation Plan

As per the City of Kalamazoo's Citizen Participation Plan, a public notice on this Substantial Amendment was placed in the Kalamazoo Gazette on May 12, 2024 for the required 30-day public comment period and to notice when the amendment would be presented to the City Commission. An electronic copy of this Substantial Amendment was placed on the City's website at <https://www.kalamazoo.org/communitydevelopment>. A paper copy was available for review at the offices of the Community Planning and Economic Development Department, 245 North Rose Street, Suite 100, Kalamazoo, Michigan.

Public comments received during the 30-day public comment period: