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MAYOR

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Citizens Advisory Committee
Lakewood, Ohio 44107

RE: Funding Recommendations

Dear Committee Members:

Thank you again for contributing your valuable time and expertise to Lakewood's Citizens Advisory Committee (CAC). I appreciate the thoughtful consideration that each of you have given to the applications submitted to the City for funding from HUD's Community Development Block Grant (CDBG) and Emergency Shelter Grant (ESG) programs for fiscal year 2010. These funds are a critical source of support for both the City's and local non-profits' efforts to improve infrastructure and housing, strengthen the business sector, and provide much needed public services.

With the possible changes in the CDBG allocation process and other changes with HUD, we are conservatively estimating our award for 2010 will be \$2,100,000. This was the same estimate for FY2009 where we ended up with a final allocation of \$2,214,511. We anticipate that the City will receive the same amount of ESG Program funds in FY2010 that were received in 2009 - \$96,000. Still, the total amount of requests submitted to the City under both programs exceeds the anticipated amount of funding by more than \$200,000 for CDBG and \$80,000 for ESG.

Given the challenging economic times, it is crucial that these funds have as broad an impact as possible and provide lasting service to Lakewood's low-and moderate-income people and places. With that, our physical space- housing and roads- need major attention. **Our funding priorities emphasize those issues that we are best positioned to address: focusing on maintaining quality, affordability, safety and infrastructure to protect and improve our housing stock while maintaining a foundation for job creation opportunities.**

In developing these recommendations, I considered the City's major initiatives, each program's goals, quality, effectiveness, and delivery, as well as predicted carry-forward amounts. Overall, the guiding principle is to leverage these limited dollars into activities and projects that have a broad impact on our community.

As I stated to the committee at the beginning of this process, I have directed all departments to request the bare minimum required to achieve our goals. In cases where my recommendation is lower than previously submitted, it is because we have found cost cutting opportunities to achieve more with less. I only made recommendations on the programs from the city and LakewoodAlive. There is unlimited need that seeks to be addressed with the other funds; I trust that any funds you do not allocate to city departments you will direct them toward non-profit activities best suited for CDBG funds and our collective goals.

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING RECOMENDATIONS

A. INFRASTRUCTURE

Infrastructure is critically important to the quality of life in our City; the residents and our local economy depend upon it. Certainly, property values and economic development are tied to our infrastructure. As such, rehabilitation of Lakewood's street, sewer and water distribution systems continues to be a priority. Approximately 90% of Lakewood's infrastructure was constructed prior to 1925, making this priority a costly endeavor. The City funds the replacement and repair of infrastructure through local, county, state and federal sources. However, the amount of available dollars for infrastructure repair and replacement in Lakewood is still insufficient, given the large amount of work to be done, and the high—and increasing—costs of such projects.

As you're aware, only streets that are located within the City's low- and moderate-income areas are eligible for CDBG-funding and we continually work to have additional streets in Lakewood certified as low-mod. We are working to expand the availability of these funds.

I recommend an allocation for streets of \$500,000.

We are also requesting funds to improve Madison Park- making it more accessible, improving the amenities, and making it more usable. This project will serve the low- and moderate-income residents of this neighborhood well.

I recommend an allocation for Madison Park of \$30,000.

B. Housing

Lakewood's homes possess unique historic and architectural characteristics not found in other communities. Of all first-ring suburban communities, we are second only to Newburgh Heights in the proportion of homes (60.6%) built prior to 1939. While these homes are valued for their beauty, they also require a high level of maintenance. Challenges with the housing market are putting more structures- and the people that reside in them- at risk. We need housing to remain safe and sound – both as structures and financial investments

For many years, the Division of Community Development's (DCD) Low Interest Home Rehabilitation Loan Programs have been supported solely by program income (payments of principle and interest on rehab loans that have been disbursed). However, during recent years, there has been a significant reduction in the receipt of program income due to the high demand from the no-interest no-payments (deferred-deferred) loans for elderly borrowers and increased expenses for program administration. We're making a major change to this program this year: now all home improvement activities will be funded through this one program- loans for major improvements to emergency repairs or house painting supported by a property lien (emergency loans). With increasingly difficult access to credit by people of limited means, coupled with income losses, we want to maintain funding for those households who need a repair to keep the home stable and livable, and to the neighborhood's benefit, while making sure that loans will be repaid in the future when incomes improve. Since repayments will be slower to come in, we want to make sure there is adequate funding on hand to keep houses in good shape.

I recommend that the Low Interest Loan Programs receive a \$350,000 allocation in CDBG funding.

Property inspection programs have also played an important role in maintaining Lakewood's housing stock. Through the Project Pride Program, housing inspectors work with homeowners to maintain compliance with the City's residential Building Code. The standards set forth in the Building Code help to maintain our community's property values and ensure that our housing stock remains decent, safe, and sanitary.

I request an allocation for Project Pride of \$150,000.

Finally, based on the goals you established under the action plan and due to the market changes, the Division of Community Development is spearheading the Vacant Property Purchase and Revitalization Program. Through this program, vacant properties in need of major rehabilitation or reconstruction will be purchased and then sold, in new condition with appropriate features and character, to owner-occupants at appropriate prices. The plan is for this program to eventually become self-sufficient.

In order to promote positive redevelopment, I request \$50,000 go toward the Property Revitalization Program.

C. Economic Development

The Administration is working hard to ensure that Lakewood remains competitive as a business location. Our business sector provides tax revenues that support city services and employment opportunities for Lakewood residents and others in the region. As such, one of the goals stated in Lakewood's Five-Year Consolidated Plan is "to preserve economic opportunities and stimulate private investment." Diversification and expansion of the tax base, and the retention and expansion of jobs are among the best methods we have to prevent blight. Indeed, the CDBG-supported Economic Development Fund (EDF) - Job Creation Program has been an invaluable tool in retaining existing and attracting new businesses to Lakewood. The program has generated more than \$11 of private investment for every dollar of public (CDBG) funds expended.

Given the past success of this program, and continued need, I recommend an allocation of \$100,000 in CDBG funding toward the EDF program.

The City's Commercial Property Revitalization (CPR) - Storefront Program, also administered by the Planning & Development Department, has served as an incentive for Lakewood's commercial property owners to renovate their storefronts. Improving the appearance of a storefront can benefit the business owner by attracting customers, and also has a positive impact on the surrounding neighborhood. Improved storefronts are a great way to incentivize business investment, commerce, and neighborhood quality in the city.

As such, I request an allocation of \$100,000 toward the CPR-Storefront Renovation Program for fiscal year 2010.

In 2005, the CAC and City Council approved an allocation of CDBG funds toward Lakewood Alive. Since then, as their efforts have expanded, Lakewood Alive is taking a larger role in job-creation efforts in the City of Lakewood by way of the technical assistance they provide to businesses throughout Lakewood and in the Mainstreet area in particular. I expect and challenge LakewoodAlive to use their 501c3 status to achieve their funding goals from other sources, which is why my funding recommendation is lower than their request.

I request that the Committee approve a recommendation to City Council to allocate \$45,000 in CDBG funding toward Lakewood Alive's initiative toward technical assistance to businesses.

D. Public Services- Housing Related

As I mentioned previously, with housing such a high priority, there are some related public service activities I want to highlight for funding. The homeowner education program from Lakewood Alive is one in addition to the special refuse collection, community leaf, snow, and yard services programs. The first helps with education and violation prevention; the other help elderly property and disabled property owners maintain their homes. All of these programs help to form and maintain neighborhood relationships *and* property values.

The Lakewood Alive program serves to fill an identified gap in services regarding the education of Lakewood homeowners on the needs of the structures, how to make home repairs (or manage contractors), marketing the financing tools available, as well as help residents through the possible housing code violation process. Ultimately, it will help prevent violations and improve neighborhood quality. I expect and challenge LakewoodAlive to use their 501c3 status to achieve their funding goals from other sources, which is why my funding recommendation is lower than their request.

Entity	Activity	Recommended Allocation
Div. of Aging	Yard Service Program	\$7,000
Div. of Refuse	Special Refuse Collection	\$53,250
Lakewood Foundation	Community Leaf and Snow Program	\$7,000
Lakewood Alive	Outreach Services for Code Compliance	\$30,000

E. Public Services- Other

Lakewood has a long history of using CDBG funding to support services that reach the most vulnerable of our City's population. You have already heard presentations on the range of services provided by our subrecipients in areas that include healthcare, prevention of homelessness, supportive services for the elderly and scholarships for daycare and arts education.

Ultimately, many of these programs function as economic development tools as well as social services. Examples include the childcare scholarships or medical assistance because these programs help Lakewood families that work maintain their employment.

The services funded by Lakewood's CDBG entitlement target low- and moderate-income individuals. The table below summarizes the Administration's recommendations with regard to other public services:

Entity	Activity	Recommended Allocation
Div. of Aging	Outreach and Case Management	\$27,000
Div. of Early Childhood	Day Care Scholarships	\$90,000
Div. of Early Childhood	Family Literacy/Learning Through Play	\$8,000

F. Administration and Fair Housing

During fiscal year 2009, Lakewood received over \$2.5 million in grant funding from HUD's CDBG, ESG and HOME programs combined. HUD encourages the responsible management of this funding and, as you are aware, allows entitlement jurisdictions to expend set percentages of the allocation from each program on administration. Management of these programs is time consuming in that it requires careful monitoring of activity accomplishments and finances, consistent compliance with HUD regulations, administration of a local funding allocation process, and the submittal of an annual application and an annual report. Collectively, each of these administrative activities, implemented by the City's Department of Planning and Development, comprise a full annual cycle.

In past years, the City has also been successful in keeping its CDBG expenditures below the maximum 20% allowed. Additionally, unlike in previous years, the Planning and Development Department will be administering the Fair Housing programs- contracting for programs from the appropriate sources to help ensure that Fair Housing laws are known and being followed in our city. As such, the allocation which would have gone to Fair Housing activities, is now incorporated into the Administration budget. The contracts will include fair housing education, assistance with discrimination complaints, seminars for rental property owners, and testing¹.

Due to the 20% constraints, I recommend an administrative allocation for 2010 of \$420,000.

¹ The administration of fair housing activities help to ensure that no one is denied access to housing due to race, color, religion, gender, sexual orientation, ancestry, disability, familial status, or national origin. These are the "protected classes" identified by Lakewood's own local ordinance on fair housing. Additionally, federal CDBG regulations also require that entitlement jurisdictions such as Lakewood work to "affirmatively further fair housing" as a condition of funding. The City is required to describe the fair housing activities it will undertake during the upcoming year in the *One Year Action Plan* that it submits to HUD in November, and to report on fair housing activities undertaken during the previous year in the required report (referred to as a "CAPER") that it submits to HUD each March. Because the City has neither the expertise nor the capacity to administer these activities on its own, historically it has contracted for such services with outside agencies. In 2005, the city completed an *Analysis of Impediments to Fair Housing in Lakewood*—a document that HUD requires the City prepare and keep up-to-date. According to Census 2000, of all inner-ring communities in the County, Lakewood has the highest proportion of rental property units (54.8%). The city provides free information on tenant-landlord law to rental property owners and renters in the City of Lakewood, has administered a free weekly rental rights clinic at the Lakewood Christian Service Center office on Wednesday evenings, and maintains a rental-rights phone number for just Lakewood residents and owners.

G. Section 108 Loan Guarantee – Lakewood YMCA

By now, you have received information about the arrangement between the City of Lakewood and the YMCA. In 2004, the CAC and City Council approved a grant to fund the ADA components of the YMCA reconstruction. This grant is to be supported by HUD's Section 108 Loan Guarantee Program. Through the Section 108 program, the City will sell a standardized note through public offering that will generate \$394,000. This amount will be granted to the YMCA, and the City will pay off the obligation over a ten-year period through future allocations of its CDBG funding. Because the amount of these payments is fixed by HUD, they are not subject to negotiation through our local citizen participation process. Therefore, the City must set aside that fixed payment amount from its CDBG entitlement each year prior to determining the allocations for other subrecipients.

The City estimates that annual payments of principle and interest will be between \$55,000 and \$60,000 each year (it is a variable interest rate). Since we have set aside more than enough in the past 3 funding cycles and we were able to refinance and defer payments for an additional year, **I recommend that \$55,000 be set aside for payments to be made in 2010.**

EMERGENCY SHELTER GRANT (ESG) FUNDING

Lakewood received \$96,745 in 2010 and very similar amounts since at least 2006. Because this consistency, we will assume the same level of funding for 2010. Only one program in Lakewood is funded through ESG; the rest of the funds go toward programs run by non-profits.

HUD Regulations governing the ESG Program require that grantees allocate their total award in the following manner: a maximum of 30% toward essential services (services related to employment, health, drug abuse, education, etc); a maximum of 30% toward prevention of homelessness activities (counseling and financial assistance to help families avoid a situation of homelessness); and any percent toward shelter service activities.

The Division of Youth administers the HOMES program, and essential service which helps prevent homelessness.

I recommend that \$26,000 be available for this program.

HOME

Lakewood receives its HOME Program Funding through the Cuyahoga Housing Consortium. By regulation, the Consortium serves as the City's Fiscal Agent for these programs. As our Fiscal Agent, they are responsible for certain administrative requirements pertaining to the programs, including the reporting of accomplishments and expenditures to HUD; and submitting an annual application for the programs. As with CDBG and ESG, the amount of our HOME award is determined by formula allocation. Lakewood determines how it will spend its HOME award, and designs and administers its own local programs. These programs must be compliant with any regulatory or administrative requirements prescribed by both HUD and the Cuyahoga Housing Consortium.

In recent years, Lakewood's first-time home-buyers program has made some changes, some as a result of CAC's input. These changes include a waiver of the residency requirement, and an increase in the amount of available downpayment assistance for condominiums, single-family, and two-family units. In 2008, almost 30 homes were purchased through the program, even in this slower housing market resulting in more than \$3,000,000 in private investment.

HOME Program funds are flexible in that they can be used for a range of activities—all of which must increase the availability of affordable housing for people of low- and moderate-income. HOME funds are also being used toward the senior deferred loan program as well as the construction of new single-family housing in the city in locations where dilapidated structures are being torn down. The Administration believes that the types of projects that have previously used these funds, such as the Westerly, provide great benefit to the community, and would like to continue to use HOME funds in this manner. As such, **I request that the CAC approve a recommendation to Council to use HOME Funds in 2010 for continued support of Lakewood's First Time Homebuyer Program, and for other eligible projects that maintain the affordability of housing for Lakewood's low- and moderate-income residents.**

Recovery Act Funds

As you know, the city has received both CDBG-Recovery and HPRP (Homeless Prevention and Rapid Re-housing Program) funds. I ask that you support our use and programming of these funds toward eligible projects and programs which benefit our community.

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In developing my recommendations, I worked with staff to achieve maximum benefits given a very limited source of funding. All of these programs make a significant contribution to the high quality of life in Lakewood. Thank you again for the time and effort you have invested in our community for your consideration of the above recommendations.

Sincerely,

Edward FitzGerald
Mayor, City of Lakewood