
Economic & Community Development

To: Honorable Mayor and Members of the City Council
From: Lincoln Jeffers
RE: Draft City FY2022 CDBG and HOME Action Plans and Budgets
Date: March 18, 2021

Background

Lewiston has been a Community Development Block Grant (CDBG) Entitlement Community since 1974. The City receives a Federal grant each year which is to be spent to benefit low to moderate income residents. The amount the city receives each year is based on a formula established by Congress. The formula does not change, but the amount the City receives is determined by how much funding Congress allocates annually to the CDBG program. As with the municipal budget, the City Council decides how CDBG funds are invested each year. However, as a Federal grant, there are regulations and processes which must be abided by in coming to that decision. Following is more detail on CDBG and the process for how those funds are to be spent.

The CDBG program was created in 1974 to help states and communities combat poverty and assist in the development of viable urban communities. It is administered by the Department of Housing and Urban Development (HUD). The overarching goals of the program are to help provide the following, principally for persons of low and moderate income:

- Safe, decent and affordable housing
- A suitable living environment
- Expanded economic opportunities

The CDBG program has three National Objectives that every activity funded must meet at least one of. They are:

- Benefit low/moderate income people
- Aid in the prevention or elimination of slums or blight
- Meet an Urgent Need that is serious, threatening, and that cannot be met with other sources of funds

As an Entitlement Community and recipient of CDBG funds, Lewiston is charged with ensuring that every activity funded meets a National Objective and the overarching goals.

The bulk of Lewiston's CDBG funds are invested in, or to the benefit of the residents of a Target Area, Census Tracts 201 -204 (map attached). Historically, the city has used its funds primarily on

housing improvements, economic development, infrastructure improvements in the Target Area, and social services. So long as the broad national goals of the program are met there is considerable flexibility in how the funds are spent.

Consolidated Plan

As an Entitlement Community Lewiston is responsible for conducting a public planning process that includes residents, stakeholders a Citizen Advisory Committee and other interested parties in developing a 5 year strategic plan, known as the *Consolidated Plan*, that outlines how CDBG dollars will be best invested over the following 5 years. In December 2019 the City Council approved the 2020-2024 *Lewiston Consolidated Plan*. The plan incorporates and builds upon other plans such as the *Choice Neighborhood Transformation Plan* and *Legacy Lewiston*. It includes a considerable amount of demographic and survey information. The plan articulated the following broad goals and strategies:

Goal 1: Provide essential public services to improve quality of life for individuals and families with low-moderate incomes, including special needs populations and those experiencing homelessness or at risk of becoming homeless.

- Grow an environment that supports health and wellness among community members. (including, but not limited to, access to health services, centralize resources for homeless in a one-stop shop, access to quality and nutritious food, navigation services to persons experiencing homelessness or at-risk of becoming homeless.
- Expand gap funding for flexible low barrier grants to support emergency needs in coordination with current community initiatives. (including, but not limited to, utility and security deposit)
- Grow individual education outcomes. (including, but not limited to, English language learning, early childhood, peer to peer education, job skills)
- Encourage agencies to coordinate services for persons experiencing homelessness.
- Address barriers to safe, decent, affordable housing.
- Support distribution of materials on affordable housing and fair housing

Goal 2: Increase, maintain, and improve the supply of safe and affordable housing for individuals and families with extremely low to moderate incomes.

- Increase the number of owner occupied properties.
- Grow an inventory of safe, healthy, code compliant, and sustainable housing that provides housing choices for all.
- Remove lead and eliminate incidents of childhood lead poisoning.

Goal 3: Create economic opportunities for individuals and families with low-moderate incomes.

- Grow pathways to thrive and economic mobility for all by supporting businesses that create new jobs, support small businesses startups and entrepreneurs, provide workforce training and education support, and expanding daycare services.
- Leverage CDBG funding to support redevelopment of Brownfield Sites.
- Invest in various types of commercial properties to reduce blight, support historic preservation, and partner with housing programs to create residential units on upper floors of mixed-use properties. Include broadband in building rehabilitation.

Goal 4: Preserve and improve public facilities and infrastructure that serve low to moderate-income neighborhoods or special needs residents.

- Provide safe, warm and welcoming spaces in all seasons for those experiencing homelessness.
- Improve key connections to, from, and within the neighborhood to other city assets. (sidewalks, park improvements, buses, signage)
- Expand public access to broadband.
- Provide construction funding for public facilities that serve at least 51% low-moderate income or special needs persons.

CDBG Budget/Action Plan

In accordance with HUD regulations to have a strong citizen voice in helping determine how CDBG funds are invested, Lewiston has 7 member Citizen Advisory Committee (CAC). Member include a City Councilor, representative for the homeless, representative for the immigrant community, 2 residents of the CDBG Target Area, and the rest can be citizens from the broader community. This year, despite a focused effort to secure an advocate for the homeless to serve on the CAC, a representative was not found who was able to participate. Accordingly the CAC consisted of 6 members making recommendations for City FY22.

Lewiston has been awarded \$893,320 in CDBG funds for City Fiscal Year 2022 (starting July 1, 2021). This is a decrease of \$21,970 (2.4%) over the prior year funding of \$915,291.

In February Lewiston's CAC began reading, reviewing, interviewing, and scoring public service agency requests for CDBG funds. Attached are budgets showing the CAC's recommendations for how Lewiston's allocation of CDBG and HOME funds should be invested in City FY22. The CAC makes funding recommendations, however; the City Council makes the final determination on how the funds are spent.

Lewiston is fortunate to have an abundance of strong public service agencies working in the community. HUD caps the amount of CDBG funding that can be allocated to agencies at no more than 15% of the total allocation received in any program year plus the program income (loan repayments) received in the prior year. The maximum amount estimated to be available for distribution to agencies is \$163,728. It is a best practice to not fund up to the 15% cap in case program income is less than anticipated. Any amount spent over the cap must be paid back to HUD from the City's General Fund.

Historically the request for funds for public service agencies is much larger than the 15% cap allowed. This year the total funding requested by agencies was \$223,909, which is 37% more than what is available. The CAC has the difficult work of evaluating each agency request in order to make a recommendation to the City Council on how these limited resources are best invested in the community to achieve the goals articulated in the 2020-2024 *Consolidated Plan*.

CDBG funding comes with a proscriptive rule book and high regulatory burden. Sub-recipients of CDBG funding need to meet the same regulatory requirements as the City does as the primary recipient. Unfortunately, two of the agencies that requested funding this year were not eligible for funding under HUD regulations. Over the coming year the City will provide Technical Assistance to agencies seeking CDBG funding that currently may not be able to meet the regulatory burden.

Funding Recommendations

In four of the last five years the City has annually funded 13 public service agencies. That is well above the number of agencies recommend by HUD. Federal funds accounting rules and reporting requirements have increased over the last several years, and two of the City's long time CDBG staff either retired or moved on to other positions. Accordingly, and to make sure the City stays in compliance with HUD the CAC has recommended 9 agencies to receive funding in City FY22.

Those agencies include:

1. Seniors Plus - \$25,000 -Meals on Wheels
2. Trinity Jubilee Center Food Pantry -\$9,000
3. Trinity Jubilee Center Day Shelter & Resource Center-\$29,000
4. Center for Women's Wisdom - \$19,200 -Sophia's House programming
5. Lewiston Adult Education - \$22,780 -Skills Based Work Readiness Training
6. New Beginnings - \$18,400 -Educational Support for Homeless Youth
7. Promise Early Education -\$9,200 - Head Start
8. Tree Street Youth - \$13,200 - MAPLE Program (Motivated Adolescents Pursuing Leadership Experiences)
9. YWCA - \$13,200 - School-Aged Childcare Programs

The total amount of funding dedicated to these 9 programs is \$158, 980. This is 2.9% below the Public Service Cap, which as noted above, it is important to maintain a small cushion below the cap.

All of the agencies that applied for funding do important, critical work in Lewiston. The work of the agencies not recommended for funding is not a reflection of the importance or caliber of the work they do, but rather a hard reality of limited funding and city staff capacity. The CAC scores each agency as to how well they meet:

- Community Need and Benefit (up to 10 points)
- Project Description and Soundness of Approach (up to 10 points)
- Organizational Capacity (up to 6 points)
- Financial Feasibility, leverage and sustainability (up to 4 points)

The amount the 9 agencies recommend for funding are recommended to receive is based on how well they scored in meeting the criteria in the 30 point scale. Those that scored a 29 are recommended to receive 100% of their ask. Those that scored 28 are recommended to receive 96%; scores of 27 are recommended to receive 92%; and those that scored 26 are recommended to receive 88% of their asks. Those scoring below 26 are not recommended for funding.

The CAC also recommends:

- \$183,734 -Community Development Office Administration. This amount is \$16,930 below the HUD mandated 20% Administrative and Planning cap.
- \$83,186 - One Lewiston Code Enforcement Officer (CEO) be fully funded from the program. The CEO is dedicated to addressing slum, blight, and improving the quality of the housing in the CDBG Target Area. They participate in code compliance inspections for the Lead Grant and write project scope specifications for rehabilitation loans.
- \$89,421 -Rehabilitation Program Administration
- \$50,000 - CDBG Lead Grant Match to meet 2019 Lead Grant match requirements.
- \$187,000 - Howe Street Sidewalk rehabilitation installation near Tree Street Youth and sidewalks in very poor condition in the vicinity. \$30,000 of CDBG was funded in City FY21 for design/engineering of sidewalks in that vicinity. This funding is to build/rehabilitate the sidewalks.
- \$140,999 - Public Facilities Improvements are repairs needed to be made to non-profit owned buildings that serve the general public and that meet CDBG National Objectives. Specific projects have not yet been determined but will be considered under an open enrollment process. In the past agencies that meet CDBG National Objective have only been able to apply once a year, which was of little use if they had a failing roof, HVAC system or needed other critical repairs or improvements.

HOME Action Plan/Budget

HOME is another program administered by HUD that can only be used to increase the supply of and access to decent, safe, and affordable housing in the community. Similar to CDBG, the HOME program receives an annual allocation from Congress, but neither Auburn nor Lewiston is large enough to qualify for an allocation on their own, so in 2002 the two cities formed a HOME

Consortium, and has received an annual allocation each year since. Auburn is the lead applicant and administers the programs for both cities.

In FY 2022 the total allocation for Consortium is \$469,750. Lewiston's share of the allocation is \$211,387. Combined with unspent funding from previous years the total amount available to spend in FY 2021 is \$838,877. Attached is an Action Plan and Budget that reflects the CAC's funding recommendations. They include:

- \$14,093 for Program Administration
- \$15,000 for security deposit grants for homeless or near homeless
- \$330,000 of carry over HOME funds from prior budgets to help construct Avesta's 35 unit Gauvreau Place project (fkna Blake + Pine)
- \$265,758 of carry over HOME funds from a prior budget to help Raise-Op Housing 18 unit new construction project
- \$182,294 to help fund a yet to be determined Choice Workforce Housing project on replacement Site 1 or 2 in the Choice Plan.

The Gauvreau project is scheduled to close on April 6 and construction will begin shortly after. The \$330,000 allocated will be invested into the project on a pro-rata basis as construction moves forward.

Raise-Op's project has doubled in size and is seeking financing. The earliest construction may begin is fall 2021.

As part of the Choice Neighborhood Implementation Grant that the City is a co-applicant on the City committed to providing a total of \$600,000 of HOME funds toward the construction of housing at replacement Sites 1 and 2. The City expects to hear in spring or summer 2021 if the Choice grant application was successful. The recommended allocation of HOME funds in the proposed budget is in anticipation of receiving the Choice Grant. To meet that obligation the City will need to fund a significant portion of our HOME allocation for several years.

Next Steps

Adoption of the CDBG and HOME budgets and Action Plans require a 30 day public comment period, and a public hearing prior to adoption. A public notice will be posted on the City's website and social media accounts to start the public comment period. The action plans and budgets will be available on Lewiston's Economic and Community Development Department web page at <https://www.lewistonmaine.gov/563/CDBG-Information>. Public comment on them will be received at ECDevelopment@lewistonmaine.gov. The Public Hearing will be held in front of the Lewiston City Council via Zoom at <https://www.lewistonmaine.gov/2021cc> on May 4. Public comments received during the public comment period will be shared with the City Council at the May 4 Public Hearing. Public comments at the hearing will be taken at PublicComment@lewistonmaine.gov.

Your questions and comments are welcome.