

MEMORANDUM



TO: CARL JOHNSON, FINANCE DIRECTOR
FROM: SABRNA LILLA, DEPUTY FIANANCE DIRECTOR
SUBJECT: HCD ADVISORY COMMITTEE DISSOLUTION
DATE: DECEMBER 22, 2022

The Housing and Community Development Advisory Committee ("HCD") was created at a regular city council meeting on February 25, 2002. The mission of the HCD committee is to maximize the impact of the Community Development Block Grant ("CDBG") funds in an efficient economic fashion that represents the best interest for the public. The committee's purpose and responsibility is to make recommendations to Novi City Council in this regard. Additionally, the committee serves in an advisory role reviewing the administration of the approved spending program.

Background:

Novi receives CDBG funding as a subrecipient of Oakland County which means the City must comply with national U.S. Department of Housing and Urban Development (HUD) requirements as well as guidelines established by Oakland County. The City's CDBG programs must meet the HUD program national objectives. There are three national objectives:

- 1) Primarily benefit low-income persons or households,
- 2) Aid in the elimination of slum or blight conditions,
- 3) Meet an urgent community need (i.e., serious natural disasters).

CDBG funds can be used for the acquisition and disposition of real property, public facilities and improvements, public services, and housing services. The County also restricts that a community is only allowed to allocate funds to four programs, each program must have a minimum of \$3,500 allocated to it, and public services type projects can be allocated no more than 30% of the City's total annual funds received. In addition, for funds to be utilized, they must benefit low to moderate income clientele or a low to moderate service area.

Over the last 10 years, the City has received, on average, approximately \$116,000 annually. In general, the funds the City receives are not large enough to acquire or dispose of real property or improve a public facility. In an effort to maximize the impact of the CDBG funds, the money has been allocated to Novi Youth Assistance (summer program grants), Haven, and Minor Home Repair. In addition, since 2018, funds have been allocated to Hospitality House for emergency services (food bank).

The City of Novi is very fortunate to provide its residents with many services using other City and County resources (i.e., senior services, transportation services, crime awareness/prevention, housing counseling, fair housing activities, etc.). The organizations requesting funds are those which provide services outside the normal course of business from the City and or Oakland County. Each year, the funds are typically allocated to the same organizations as they provide so many wonderful benefits to the residents of Novi. In addition, past committees have looked at possible other organizations; however, were unsuccessful finding any that met both the HUD and County federal requirements as an organization nor were any better for the residents than the current programs.

Given the restrictions of the County on the number and types of programs allowed, I feel the HCD committee is not utilized as the Council originally had intended. The committee meets once a year to discuss the annual CDBG funds (the programs do not change as they are limited to four) and how the funds should be allocated (the amount awarded annually changes slightly so minor adjustments are made to the four programs). Given the limitations of the committee, it is rare to have new items to discuss. In past years, the meetings have needed to be rescheduled multiple times in order to ensure we have a quorum to make a recommendation to council. Rescheduling the meeting is an issue each year due to the tight time frame the County provides to return the funding application. We typically have anywhere from 4-6 weeks to convene the committee, have a public hearing and get the application approved by council. In addition, each year it is a struggle to fill the positions on the committee.

Given the above factors, I propose the committee be dissolved and those members be possibly reassigned to other committees that meet regularly or have more city involvement. To ensure more than just the finance staff are making the annual allocation decisions, I recommend a new committee be established of City personnel. The internal committee of city personnel would include a representative from finance, community relations, community development/planning and parks and recreation (given the four programs funded these departments would have the most insight on possible need).