



MEMORANDUM

TO: VICTOR CARDENAS, INTERIM CITY MANAGER

FROM: SABRINA LILLA, DEPUTY FINANCE DIRECTOR

SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT

DATE: APRIL 21, 2023

The City of Novi receives Community Development Block Grant ("CDBG") funds as a subrecipient of Oakland County. There are 53 other communities that participate as subrecipients of Oakland County. During October of every year, the County holds a CDBG pre-application training. During this training the County reminds it's subrecipients how to fill out the application form and provides the local communities with an estimate of funds they can expect for the upcoming program year. On average the City receives \$115,000 annually. Per County restrictions, the City can only allocate a max of 30% of it's total allocation to public service activities (see the history of Oakland County's public service cap policy in box below). The City receives funding requests from organizations providing public services in September/October of each year.

Oakland County is required by the U.S. Department of Housing and Urban Development (HUD) to maintain an overall public service cap of 15%. Dating back to November 1, 1996, Oakland County was allowing participating communities to spend a maximum of 50% of its annual allocation for public service activities and still maintain the overall 15% requirement. This was possible because of the large offsetting Oakland County Home Improvement Program. The impact of the 2000 census was to eliminate the area wide benefit activities for many communities forcing more communities to now allocate funds directly to public service activities. As a result, Oakland County in 2006 changed their policy to only allow participating communities to spend a maximum of 45% of their annual allocation on public services. Because of a severe decrease in the amount of revolving loan fund (RLF) paybacks to the Home Improvement Program, the public service cap was reduced even further by Oakland County to a maximum of 30% of community allocations. Decreases in the amount of revolving loan fund (RLF) paybacks to the Home Improvement Program as well as a 17% reduction in federal funding in PY 2011, caused the public service cap to be reduced even further by Oakland County to a maximum of 15% of community allocations.

With the addition of the City of Pontiac to Oakland County's list of participating communities, the public service cap was increased to a maximum of 30% of community allocations. This continues to be the allowed allocation limit. The public service category allows the City of Novi to fund programs and services such as Youth Assistance and HAVEN.

Public Services: A public service would be that which is not capital in nature but provides a service to a moderate to low-income individual. Examples include, but are not limited to, homeless programs, senior services, services for persons with disabilities, legal services, youth services, transportation services, substance abuse services, domestic violence services, employment training, crime awareness/prevention, fair housing activities, child care services, health services, services for abused and neglected children, mental health services, screening for lead poisoning, subsistence payments, rental housing subsidies, neighborhood cleanups, foodbanks, housekeeping/safety and repair/yard.

The City typically receives requests from Haven, Novi Youth Assistance and Hospitality House. While other organizations are free to submit a request for funding, the organization must prove they are a non-profit and the City would need to vet them with the County to ensure they are an eligible entity/program. In previous years, we have had other organizations request funds, but upon follow up with the County, they did not meet the qualifications to be a recipient of funds.

It is important to note the public service cap of 30% of the City's total allocation. If the City receives \$115,000 annually, only \$34,500 can be allocated to public services. In addition, the County caps the number of programs the City can provide at 4 total. That means, only three public services may be funded. Another stipulation being each program must be awarded at least \$3,500.

Non-Public Services: The remaining CDBG funds that are not allocated to a public service must be used for acquisition and disposition, public facilities, and improvements and or housing. Historically the City has used the non-public service funds for Minor Home Repair. The Minor Home Repair program provides grants up to \$5,000 (with a lifetime max of \$10,000) for eligible income households for items such as replace water heaters, garbage disposals, tubs, laundry, and kitchen faucets, repair water and waste lines, replace entrance doors, replace porch decks, stairs and handrails, reinforce porches, replace defective windows, install storm doors, replace roofs, paint interior and exterior of homes built after 1978, remove large items or large amounts of debris, repair sidewalk and driveway tripping hazards, replace wall/ceiling plaster/drywall, and dangerous tree or limb removal.

Recommendation: The HCD Committee met once a year (November time frame) to discuss and recommend to City Council the allocation of CDBG funds. The committee received a packet prior to the meeting which included the public service organization's request for funds as well as historical data on the CDBG program. The section below illustrates the prior year recommendation from the committee.

Recommended Projects					
CDBG Program Descriptions	Organization Requesting Funding	Description	2022 Application Amount	2023 Agency Requests	2023 HCD Committee Recommendation
Public Services	HAVEN	Battered and abused spouses	\$13,000	\$15,000	\$15,000
Public Services	Novi Youth Assistance	Specialized counseling and camp scholarships	\$8,000	\$8,000	\$9,950
Public Services	Hospitality House	Emergency services	\$ 9,900	\$9,950	\$9,950
		Sub-Total*	\$30,900	\$32,950	\$34,900
Minor Home Repair	City of Novi	Residential Repair program for Novi Residents	\$102,603	\$92,982	\$91,032
		Total	\$133,503	\$125,932	\$125,932

Agency request, in previous years, typically mirror actual awards from the previous year. For Program Year 2023, we spoke with the requesting organizations and suggested they should request funds they believe they can use. They did not need to limit their requests to the level of funding from the prior year but should request the funds they believe they can utilize.

The Committee sought to provide the greatest good for the greatest amount of people. The Committee agreed to recommend continued funding for Novi Youth Assistance (NYA), HAVEN and emergency services. The committee conclude to allocate additional funding, above NYA's request, due to the increased demand for activities for children in the post COVID-19 months. Funding dollars allocated to NYA are used to provide direct intervention services for Novi youth and include counseling, enrichment, skill building and academic support to children who are for various reasons deemed to be "at risk" or whose families have insufficient financial resources to meet their needs for these activities. The broad goals are: 1) to provide scholarships to allow children (who qualify by income) to attend various summer camps according to their individual interest and needs, 2) to enroll qualifying children in programs that increase skills in various areas and 3) to provide tutoring to qualifying children who can benefit from additional academic support.

The City received emergency service funding requests from Hospitality House. The organization requested a minimum of \$9,950. The Committee felt emergency services are a needed resource within the City, especially following the pandemic and rising inflation costs. Last year, Hospitality House provided 51,492 pounds of food to 92 households which equated to \$92,170.

HAVEN Guidelines for CDBG Communities: Beginning with the 2007 Program Year, Oakland County now contracts directly with HAVEN as a sole source provider on behalf of participating communities. In the past, each community would contract individually with HAVEN. The contract duration period will be one year and at the end of the contract period, any community balance will be expended for the 24-hour crisis hotline. HAVEN provided program services to 121 individuals and 234 crisis calls were received from families within the City of Novi. The Committee recommended to provide the requested funds for HAVEN. The cost to provide services to Novi residents far exceeds the funding request.

Minor Home Repair Program: The City contracts out the administration of it's Minor Home Repair program. City staff is not an expert it what it takes to administer the CDBG program and therefore, it has been more cost effective to contract the administration. The City currently holds the minor home repair contract with McKenna Associates. Due to the COVID pandemic, there was a delay in starting projects as well as finding contractors to do the work; however, we are starting to see less of an issue as of late. There is currently not a wait list for funds. In fact, in order to increase interest in the program, the City included an advertisement in the City's newsletter, Engage. The advertising worked and McKenna has received much interest in the program.

The table below reflects funding levels for the Minor Home Repair program since 2019. In prior years the average minor home repair cost approximately \$1,000 to \$5,000 per unit. Since the COVID pandemic and the increase in inflation, we are seeing those costs increase with projects ranging from \$3,000 to \$8,000. We anticipate the need for the Minor Home Repair program to sustain throughout the 2023 grant year.

CDBG Program	Description	2019 CDBG Funding Allocation	2020 CDBG Funding Allocation	2021 CDBG Funding Allocation	2022 CDBG Application Allocation	2023 CDBG HCD Committee Recommendation
Minor Home Repair	Residential repair program	\$104,030	\$100,569	\$100,603	\$102,603	\$91,032

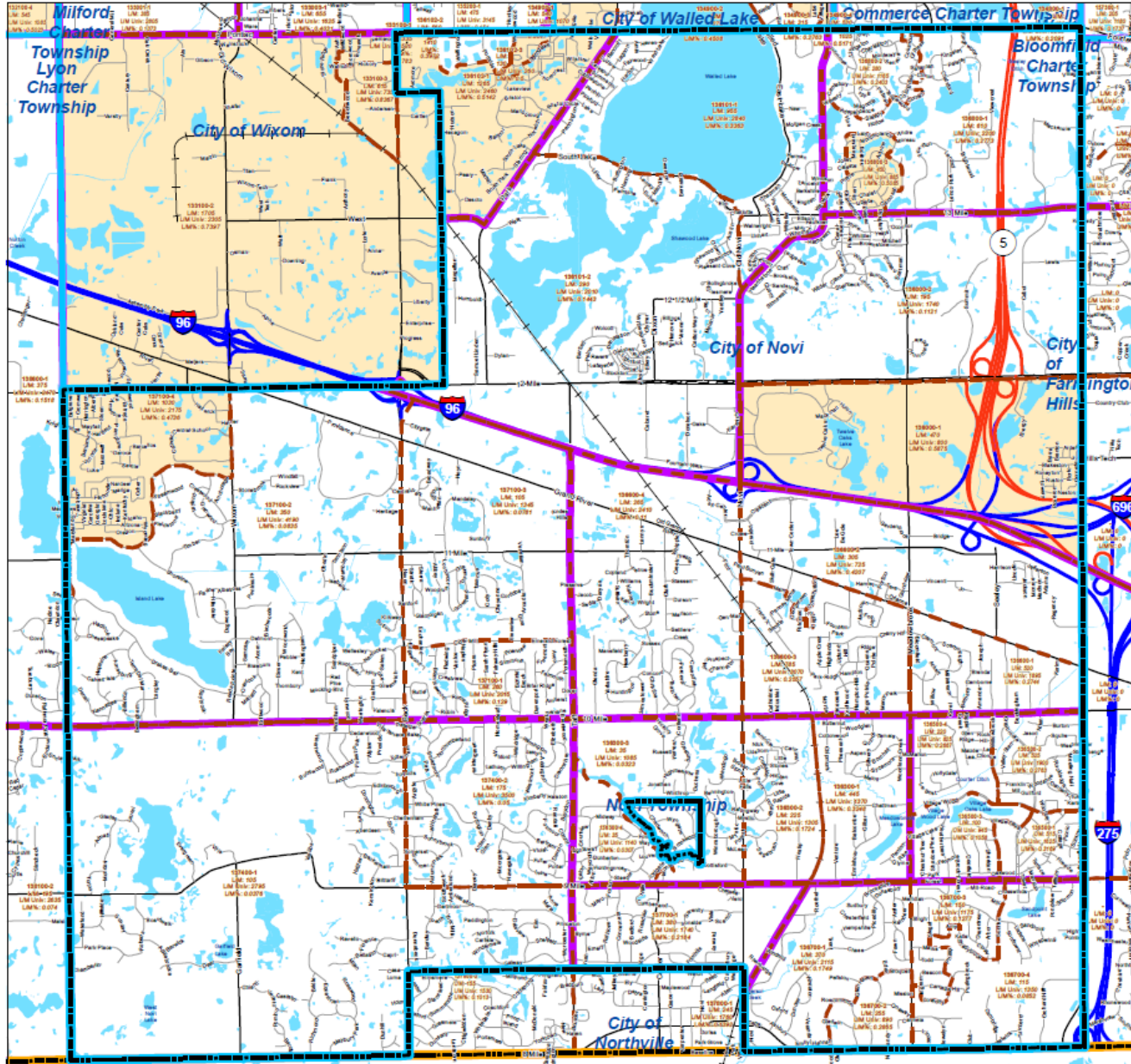
Area-wide Benefit Map: Enclosed with this packet is the current area-wide benefit map as provided by Oakland County which reflects the Program Year 2023 low/moderate income block groups from the U.S. Department of Housing and Urban Development. The [Recommended Projects](#) for 2023 do not include any area benefit type projects such as parks, streets or sidewalk improvements. The projects are strictly city-wide individual income-qualified type projects such as minor home repair or direct benefit projects such as public services which are not dependent on location.

Novi Community Development Block Grant History: Since 2002, the City of Novi has received and **successfully managed over \$2,655,827** in CDBG grant funds.

The deadline to submit CDBG applications to Oakland County is typically mid December.

	Program Year													Total
	Recommended	Application	Awarded	Awarded	Awarded	Awarded	Awarded	Awarded	Awarded	Awarded	Awarded	Awarded	Awarded	
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2002-2011		
Minor Home Repair	91,032	102,603	100,603	100,569	\$ 104,030	\$ 74,345	\$ 84,626	\$ 74,126	\$ 84,481	\$ 77,505	\$ 77,654	\$ 786,577	\$ 1,758,151	
Novi Youth Assistance	-	8,000	-	8,000	-	18,562	10,000	10,000	8,000	8,000	8,000	67,724	146,286	
NYA - Child Care Services	9,950	-	8,000	-	15,000	-	-	-	-	-	-	-	32,950	
Haven	15,000	13,000	15,000	16,000	8,000	7,900	6,000	6,500	6,000	6,000	6,000	53,460	158,860	
Transportation	-	-	-	-	-	-	-	10,000	-	-	-	115,000	125,000	
Senior Services	-	-	-	-	-	-	-	-	-	-	-	14,000	14,000	
Mobile Home Repair	-	-	-	-	-	-	46,407	-	-	-	-	-	46,407	
Emergency Services	9,950	9,900	9,900	7,000	3,500	5,400	-	-	-	-	-	-	45,650	
Public Services*	-	-	-	-	-	-	-	-	-	-	-	328,523	328,523	
	125,932	133,503	133,503	131,569	130,530	106,207	147,033	100,626	98,481	91,505	91,654	1,365,284	\$ 2,655,827	

*The public service was not specifically identified



OAKLAND COUNTY MICHIGAN
 Economic Development & Community Affairs
 David Coulter, County Executive

OAKLAND COUNTY COMMUNITY & HOME IMPROVEMENT
 Oakland Pointe
 250 Elizabeth Lake Road, Ste. 1900
 Pontiac, MI 48341-0414
 248.858.0493
www.oakgov.com/chi



Area-Wide Benefit Map
 City of Novi

- County Border
- Community Boundary (Highlighted)
- Community Boundary (Adjacent)
- Census Tract 2010
- Eligible Area-Wide Benefit Block Groups
- Non-Eligible Block Groups
- Interstate
- US
- State
- Major
- Minor
- Railroad
- Waterbodies

1 in = 0.82 miles

This Census Block Group map reflects the 2011-2015 American Community Survey (ACS).

