

MEMORANDUM



TO: BEAUTIFICATION COMMISSION
FROM: SABRINA LILLA, DEPUTY FINANCE DIRECTOR
SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANT
DATE: NOVEMBER 1, 2023

The City of Novi receives Community Development Block Grant ("CDBG") funds as a subrecipient of Oakland County. There are 51 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 15% of its 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 continued to be the allowed allocation limit for the last 10 plus years. **In the current year, the City was notified, the public service cap has been lowered back down to 15%.** 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 that the public service cap is 15% of the City's total allocation. The County estimates the City will receive \$125,246. Of this amount, only \$18,786 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 is 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. Since COVID-19, the cost of projects has increased. Projects are now ranging closer to \$7,000 per project.

Recommendation: The Beautification Committee will provide a recommendation to the City Council reflecting how funds should be allocated. The CDBG application is due to Oakland County no later than December 1, 2023, at 5:00. The Commission's recommendation will be taken to the November 27th City Council meeting.

Recommended Projects			
CDBG Program Descriptions	Organization Requesting Funding	Description	2024 Agency Requests
Public Services	HAVEN	Battered and abused spouses	\$15,000
Public Services	Novi Youth Assistance	Specialized counseling and camp scholarships	\$8,000

Public Services	Hospitality House	Emergency services	\$9,950
		Sub-Total*	\$32,950
Minor Home Repair	City of Novi	Residential Repair program for Novi Residents	\$106,460
		Total	\$125,246

Agency requests, in previous years, typically mirror actual awards from the previous year. For Program Year 2024, 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. Unfortunately, all requests were provided before the County notified the City of the reduced public service percentage allocation. Each request must be reduced in order to stay within the County guidelines.

Nove Youth Assistance: The mission of NYA is to strengthen youth and families and to reduce the incidence of delinquency, abuse, and neglect through community involvement. NYA uses CDBG funding to offer scholarships to the Novi community. Scholarships are provided for (but not limited to) youth camps, tutoring, and drivers' education.

Hospitality House: Hospitality House Food Pantry offers food assistance to all of Oakland County. Novi is the third largest city from which their clients originate. Year to date, 138 unique households in Novi have been assisted.

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 114 individuals and 148 crisis calls were received from families within the City of Novi. The cost to provide services to Novi residents far exceeds the funding request.

Minor Home Repair Program: The City contracts out the administration of its Minor Home Repair program. City staff are not experts in 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 2020. 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 \$7,000. We anticipate the need for the Minor Home Repair program to sustain throughout the 2024 grant year.

CDBG Program	Description	2020 CDBG Funding Allocation	2021 CDBG Funding Allocation	2022 CDBG Funding Allocation	2023 CDBG Application Allocation	2024 Committee Recommendation
Minor Home Repair	Residential repair program	\$100,569	\$100,603	\$102,603	\$91,032	\$xx,xxx

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.

	Recommended	Application	Awarded	Awarded	Program Year								Awarded	Awarded	Total
					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