

**MEETING SUMMARY OF THE
COMMUNITY DEVELOPMENT COMMITTEE
TUESDAY, APRIL 26, 2011 – 6:00 P.M.
CITY COUNCIL CHAMBERS – DULUTH CITY HALL**

Present: Scott Wallschlaeger, Jennifer Baumann, Debra Branley, Patricia Tyler, Daryl Yankee, Dan Nyquist, Bill Kimbler, Kristi Ann-Agnes Gordon.

Absent: Jim Gaylord, Michael Ramsey, Rita Tercero.

Staff: Keith Hamre, Karen Olesen, Charles Froseth, Suzanne Kelley, Ben VanTassel and Char McLennan

Roll Call: 8 present and 3 absent

Public: See attached list.

Prior to the start of the meeting, Keith Hamre read the City Proclamation presented by the Mayor to the Bill Kimbler at the CDBG Day celebration this morning.

Durbin Keeney presented Jen Baumann and Keith Hamre a commemorative wall plaque for support of the Veterans Place project. The grand opening celebration was held on April 1, 2011.

There being a quorum, Jen Bauman, Chair, called the meeting to order at 6:10 p.m., and took roll call.

1. Approval of Meeting Summary for March 29, 2011

Motion by Scott Wallschlaeger, seconded by Bill Kimbler, to approve the minutes of the March 29, 2011 meeting.

Daryl Yankee requested a revision in the minutes. His statement at the end of the Public Hearing should read "Daryl Yankee said the amount of support is overwhelming and great. Sacred Heart offers a great product that the private sector is willing to support, the programs we have recommended do not."

Motion was unanimously approved with correction.

2. Recommendation on FY2011 Reductions for CDBG and HOME

Keith Hamre reviewed the reductions in this year's allocations approved by Congress. The CDBG program is being cut by 16.2%, and the HOME program by 12.2%. The amount that needs to be cut in Duluth's allocation of CDBG is \$502,099, and \$90,039 from HOME. In order to meet percentage "caps" in these programs, the CDBG public service category has to be reduced by \$75,315, and

the admin by \$91,969; and HOME CHDO operating by \$4,002 and admin by \$9,004. Hamre had several suggestions as a starting point to meeting these cuts. He recommended not funding the Sacred Heart project; reducing CDBG admin \$65,700 by leaving a position in Community Development unfilled; and not funding two planning grants, 11-AD-09 Developing Housing Support Program and 11-AD-06 Skills2Success Planning Project.

The Committee discussed several approaches to determining funding levels, such as “across the board” cuts, eliminating new projects to maintain existing programs, and considering the impact of cuts on larger and smaller agencies.

Motion by Scott Wallschlaeger, seconded by Bill Kimbler, to delete \$65,700 from CDBG Administration for an unfilled staff position. Motion unanimously approved.

Motion by Scott Wallschlaeger, seconded by Dan Nyquist, to delete \$50,000 in CDBG Funding for the Sacred Heart Music Center. Motion unanimously approved.

Hamre provided information on potential funds to reprogram from previous CDBG awards. This included \$170,000 that was granted to the HRA specifically for lateral line assistance that, due to a subsequent decision by the City to also assist homeowners, is no longer needed due to reduced demand. Also, there is \$40,000 in funds returned when Life Cyclers closed. The total available is \$210,000/

Motion by Scott Wallschlaeger, seconded by Bill Kimbler, to reprogram \$170,000 in unused lateral line funding from FY 2009 and \$40,000 returned award from Life Cyclers from FY 2007 to the FY2011 CDBG program. Motion unanimously approved.

The Committee then moved to the mandatory reductions in the public service category. Discussion revolved around the new projects that were funded because it looked like there were additional funds, and the mission to use CD funds to serve basic needs.

Motion by Bill Kimbler, seconded by Pat Tyler, to delete 11-PS-11 Jump Start Vehicle Loan Program and 11-PS 10 Housing Support Program projects from the 2011 CDBG program for a total reduction of \$56,500. Motion unanimously approved.

The motion left \$18,815 in public service cuts. Keith was asked if 11-PS-09, Youth Development Collaborative, had seen an increase in funding last year? He responded that this project was increased, from an original recommendation of \$87,213, to a final award of \$93,000. Branley pointed out this project received the lowest score in the public service category.

Motion by Dan Nyquist, seconded by Daryl Yankee, to reduce the CDBG award for 11-PS-09 Youth Development Collaborative by \$8,000.

Motion withdrawn by Dan Nyquist.

Motion by Scott Wallschlaeger, seconded by Daryl Yankee, to reduce the CDBG award for 11-PS-09 to their 2010 level of \$87,213, from \$93,000. Motion unanimously approved.

A proposal for “across the board” reductions of public service grants followed.

Motion by Jen Baumann, seconded by Daryl Yankee, to reduce all public service CDBG grant awards by 3.2%, for a reduction of \$13,028, to meet the 15% allocation cap on public service grants. Motion unanimously approved.

Yankee commented that the social contract is being re-written, and the community will have to come together to ensure basic needs, such as food and shelter, are being met. The burden falls on all of us. Discussion then turned to meeting the administration cap of 20%.

Motion by Scott Wallschlaeger, seconded by Daryl Yankee, to delete 11-AD-09 Developing Housing Support Program from the 2011 CDBG program, for a total reduction of \$10,000. Motion unanimously approved.

Wallschlaeger commented there will be more cuts in the future, and the Committee needs to encourage new approaches like Duluth@Work. Members will be taking a hard look at duplication of services, such as AEOA’s weatherization program and NCLT’s DEEP. Organizations need to work together to streamline administration. Yankee suggested asking applicants for funding to more strongly address this issue. Hamre agreed that the need to share resources is the new reality.

Motion by Scott Wallschlaeger, seconded by Daryl Yankee, to delete 11-AD-06 Skills2Success Planning Project from the 2011 CDBG program, for a total reduction of \$20,000. Motion unanimously approved.

In the public facilities area, Yankee asked what blocks were included in sidewalk project. Hamre replied the target is Lincoln Park, to complete that neighborhood and to provide access to Clyde Iron. Nyquist pointed out there are new sidewalks along Michigan Street.

Motion by Daryl Yankee, seconded by Bill Kimbler, to reduce CDBG funding for 11-PF-01 Curb Ramp Accessibility & Sidewalk Improvements by \$70,505. Motion unanimously approved.

The HOME program was discussed, starting with the reductions to meet mandatory percentage caps. Hamre suggested looking at HOME project reductions on the basis of eliminating one or more housing units or rental vouchers.

Motion by Bill Kimbler, seconded by Daryl Yankee, to reduce HOME funding from 11-CD-01 NCLT Housing Predevelopment and 11-CD-02 Center City Housing Predevelopment by \$2,001 each, for a total reduction of \$4,002. Motion unanimously approved.

Motion by Deb Branley, seconded by Scott Wallschlaeger, to reduce HOME funding of 11-AD-03 Administration by \$8,000, and 11-AD-05 Tenant-Based Rental Assistance Administration by \$1,004, for a total reduction of \$9,004. Motion unanimously approved.

Motion by Scott Wallschlaeger, seconded by Daryl Yankee, to reduce HOME program funding for 11-HM-02 Duluth Property Rehab Program by one housing unit, or \$40,033; and reduce funding for 11-CH-02 Rehab & Resale by one housing unit, or \$20,000; and reduce 11-HM-01 Homeless Rental Assist Program (TBRA) by three vouchers, or \$17,000; for a total reduction of \$77,033. Motion unanimously approved.

Hamre noted that the Emergency Solutions Grant Program (ESGP) is expected to have an increase of \$48,659. However, the rules that would govern the use of these dollars haven't been published yet, so any action is premature. Once the regulations are in place, the CD Committee will need to make recommendations. Hamre anticipates action at the June or July meeting.

3. Review of Housing Indicators Report

Ben Van Tassel and Suzanne Kelley made a power point presentation on the newly released 2010 Housing Indicator Report. This report provides a picture of Duluth's housing market such as rents and vacancy rates, home purchases, new construction and rehab permits, demolitions, and an analysis of housing affordability. *(The complete report can be found on the City's website.)*

Reactions to the presentation included noting affordability issues are primarily for households at 50% area median or less, which may guide where CD funds are targeted. Also, there has been a debate about whether a high homeownership rate is less important than the availability of quality rental units. Hamre suggested the Committee may want to make multi-family rehab a higher priority.

4. Review of Community Process with Affordable Housing Coalition

Char McLennan talked about an effort to better coordinate, reduce costs, and streamline the system of homeless services and housing related groups. City

and St. Louis County staff has been working together to consolidate a number of similar meetings, and to allow more input on funding decisions for the continuum of care. In Duluth, staff is working with the Affordable Housing Coalition (AHC), as this is the most representative group that meets on a regular monthly basis. The AHC will be asked to comment on proposed housing developments, provide data on homeless services and shelter stays, identify major housing trends, and help target resources given affordable housing needs. In the future, the AHC may be asked to make recommendations to the CD Committee on funding priorities.

5. Review of Community Forum Process, May 11 and 17 Community and Online Forums

Chuck Froseth reported there are two upcoming community forums, the first at the Goodfellowship in Morgan Park on Wednesday, May 11, at 6:30 pm, and the second at the Central Hillside Community Center on Tuesday, May 17, also at 6:30. The CD Committee will be hosting the Central Hillside meeting. Again this year, the Community Development webpage will be the site of an online forum from May 9 through May 20, 2011. There will be several different online questions during that time period.

6. Review of Pre-Application Process

Last year's application process included a new "pre-app" step, for new or significantly increased funding requests. Hamre asked if the Committee wanted to continue with this approach. Discussion ensued on what members would like to see for 2012 projects. There was general agreement to encourage creative solutions to reduce overhead costs, such as combining organizations or project administration. The Committee is going to look very hard at any duplication of services or projects. One idea was to only fund applications that directly meet the mission statement. Scott Wallschlaeger challenged the Committee that they have to be willing to say "no" to applicants at the pre-application stage. Hamre stated the Committee will be reviewing the high / medium / low designations and the goals of the Five Year Consolidated Plan in June.

7. Adjournment

Motion by Bill Kimbler, seconded by Scott Wallschlaeger, to adjourn.

Meeting was adjourned at 8:26 p.m.