

CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT DEPARTMENT
City Hall Annex - Inman & Broadway - Cambridge, Mass. 02139

498-9034

TO: Block Grant Advisory Committee

FROM: Michael H. Rosenberg *MHR*
Assistant City Manager for Community Development

SUBJECT: Public Hearing of February 16, 1989

DATE: February 2, 1989

This will notify the Block Grant Advisory Committee that a public hearing on the Block Grant Program will be held on Thursday, February 16th, in the City Hall Annex, 57 Inman Street, Cambridge, from 7 p.m. to 10 p.m. A copy of the Public Notice about this hearing, as it appeared in the Cambridge Chronicle of February 2, 1989 and in the Cambridge TAB of February 7, 1989 is attached to this memorandum.

Please note that the hearing will be held in the third floor conference room of the City Hall Annex, and that entry to the building will be through the side door, on the Broadway side of the building. Wheelchair access is provided by this entrance. Should assistance with transportation to or from the Annex be necessary, please contact our Block Grant Project Administrator, Janet Reale, at 498-9034, to make arrangements.

The Public Hearing has three purposes, as follows:

1. To obtain citizen views on housing and community development needs;
2. To obtain citizen views and to respond to questions about current-year CDBG Program performance;
3. To obtain citizen views on the City Manager's first-draft "Block Grant Program (CDBG) Projected Use of Funds -- Year #15 (F.Y. '89-'90)".

February 2, 1989

Block Grant Advisory Committee/Public Hearing February 14, 1989

Page 2

Rather than hold a separate hearing for each of these three purposes, as has been done on some past occasions, we are holding a single hearing with the thought that the opportunity to present views on the Block Grant Program Projected Use of Funds carries with it the opportunity to present views and positions on housing and community development needs generally, as well as on current-year CDBG Program performance. Such wide-ranging commentary will be encouraged, and ample time should be available for this purpose.

The availability of time to accomplish the above-cited three purposes will also be improved by our now well-established practice of holding a separate public hearing for discussion of specific human services project recommendations. This public hearing, to be conducted by the Department of Human Service Programs, will be held on February 15th at 7:30 p.m., in the City Hall Annex.

The first-draft allocations that provide the basis for the public hearing are presented in Attachment #1 to this memorandum. Information we believe Advisory Committee members will want about the Year #15 draft, as background for participating in the public hearing or sending in comments by letter, is provided in Attachment #2.

Should further information be needed or helpful as to the February 16th public hearing, please contact our Block Grant Project Administrator, Janet Reale at 498-9034.

Attachment #1 - City Manager's First-Draft Recommendations

Attachment #2 - Background Information on
Public Hearing and First-Draft
Recommendations

Attachment #3 - Notice of Public Hearing as advertised in
Cambridge Chronicle

cc: Robert W. Healy
City Manager

ATTACHMENT #1 TO MEMORANDUM OF FEBRUARY 2, 1989 FROM
ASSISTANT CITY MANAGER FOR COMMUNITY DEVELOPMENT TO
CITY MANAGER'S BLOCK GRANT ADVISORY COMMITTEE

PROJECTED USE OF CDBG YEAR #15 ENTITLEMENT FUNDS
Cambridge Community Development Block Grant Program - F.Y. '89 - '90

CDBG ACTIVITY	Proposed F.Y. '90 Budget*	Final F.Y. '89 Budget*
1. HOUSING REHABILITATION AND DEVELOPMENT	\$1,602	\$1,565
A. Housing Development/Public and Private New Construction/Substantial Rehab.	\$322	\$322
B. Multi-Family Rehab Assistance	\$100	\$100
C. Home Improvement Program	\$432	\$432
D. Just-A-Start Rehab Assistance/Deleading	\$238	\$238
E. Homeownership Program	\$228	\$228
F. Historic Preservation/Home Improvement	\$ 25	\$ 25
G. Housing/Project Execution	\$257	\$220
2. OPEN SPACE ACQUISITION AND DEVELOPMENT	\$-0-	\$-0-
3. OPEN SPACE REHAB (\$65,594 for construction; \$73,406 for Design Services and Engineering Supervision.)	\$139	\$139
4. STREETS/SIDEWALKS/TREES	\$ -0-	\$ -0-
5. NEIGHBORHOOD FACILITIES	\$ -0-	\$ -0-
6. ARCHITECTURAL BARRIERS REMOVAL	\$ -0-	\$ -0-
7. SPECIAL NEIGHBORHOOD STABILIZATION FUND (North and East Cambridge Stabilization Program)	\$ -0-	\$ -0-
8. NEIGHBORHOOD BUSINESS REHAB & DEVEL.	\$ 10	\$ 10
9. HUMAN SERVICES	\$ 437	\$ 421
10. COMPREHENSIVE PLANNING	\$ 208	\$ 220
11. PROGRAM MANAGEMENT/PROJECT EXECUTION	\$ 345	\$ 350
12. CONTINGENCY	\$ 228	\$ 150
13. INTERIM FINANCING PROJECT**	\$ -0-	\$ -0-
TOTALS	\$2,969***	\$2,855

*All dollar figures are in \$1,000.

**Dollar amount of this economic-and-housing-development loan program will vary between \$0 and \$1,000,000, but will not require additional funding -- because the short-term loans will be made from already-allocated funds awaiting spending.

***The \$2,969,292 anticipated available funding is made up of \$2,919,292 HUD funding and \$50,000 estimated Program Income.

NOTE: THE RANGE OF ACTIVITIES ELIGIBLE FOR BLOCK GRANT FUNDING IS DETAILED IN FEDERAL REGULATION "24CFR570.200-208," AND THE "PRIMARY OBJECTIVES" REQUIREMENT EACH ELIGIBLE ACTIVITY MUST ALSO MEET IS COVERED IN REGULATION "24CFR570.208". BOTH ARE AVAILABLE AT THE BLOCK GRANT MANAGEMENT OFFICE.

ATTACHMENT #2 TO MEMORANDUM OF FEBRUARY 2, 1989 FROM ASSISTANT
CITY MANAGER FOR COMMUNITY DEVELOPMENT TO CITY MANAGER'S BLOCK
GRANT ADVISORY COMMITTEE

BACKGROUND INFORMATION ON
PUBLIC HEARING AND FIRST-DRAFT RECOMMENDATIONS

This attachment is divided into three parts, as follows; (1) Application Process; (2) Estimated Funding; and (3) Comments on First-Draft Recommendations for CDBG Year #15 Program Expenditures.

APPLICATION PROCESS As was the case last year, only one public hearing will be held during the application process, unless unexpected developments bring about a need for more. All testimony given at the February 16th public hearing will be taped and fully reviewed prior to reaching final decisions on the Year #15 Program. In addition to public hearing testimony, letters received by February 24, 1989 at 5 p.m. will be made a part of the decision making process. A second-draft proposal will then be developed and incorporated into the City Manager's budget to be submitted to the City Council. As required by HUD regulations, a final proposal will be published in a local newspaper (Cambridge Chronicle or TAB) for review and comment -- in late March.

The specific steps to be taken by the City in the preparation and submittal of a CDBG application are stated in Federal regulation 24-CFR-570.301-304. The key steps of interest to the Block Grant Advisory Committee are listed below.

- | | |
|---|-------------------------------------|
| 1. Develop City Manager's first-draft recommendations for use of Year #15 CDBG Grant | December -
January |
| 2. Mail City Manager's First-draft recommendations -- with Assistant City Manager's memorandum to the Block Grant Advisory Committee | February 2nd |
| 3. Distribute the recommendations and memorandum to public on walk-in basis at City Hall and Annex, or by mail, as requested | February 3rd
to
February 16th |
| 4. Advertise February 16th public hearing (Chronicle and TAB) | February 2nd
and
February 7th |
| 5. Hold three-part public hearing to take testimony on CDBG Program performance, the City's community development needs, and the City Manager's first-draft recommendations for use of the Year 15 Grant. | February 16th |

Attachment 2 (Cont'd)

Page 2

- | | |
|---|-------------------------------------|
| 6. Receive and respond to letters from citizens & groups transmitting their views in written form | February 6th
to
February 24th |
| 7. Review and evaluate testimony given at public hearing, and letters received through February 24th | February 27th
to
March 10th |
| 8. Consider/make revisions based on testimony and letters, and prepare second-draft recommendations | March 13th
to
March 24th |
| 9. Advertise second-draft recommendations in Cambridge Chronicle, together with <u>Proposed Statement of Objectives, Proposed Amount Of CDBG Funds To Be Used For The Benefit Of Low-And-Moderate-Income Persons, and Plan For Assisting Persons Actually Displaced By CDBG Activities.</u> | March 30th |
| 10. Review, evaluate, and respond to comments received on second-draft recommendations | April 17th
to
April 28th |
| 11. Prepare <u>Final Statement of Objectives and Projected Use of Funds</u> , based on comments received | May 1st
to
May 12th |
| 12. Submit <u>Final Statement of Objectives and Projected Use of Funds</u> to, HUD with <u>Standard Application Form</u> and <u>City Manager's Certification</u> | May 19th |
| 13. Advertise that the application has been submitted to HUD, and that it is available for distribution | May 25th |
| 14. Prepare Environmental Clearance report and submit to HUD | April 3rd
to
May 26th |

Information available to citizens and groups for use in evaluating CDBG Program performance and the City Manager's recommendations for use of the Year #15 grant funds includes, but is not limited to:

1. Block Grant Program Regulations ("24 CFR Part 570") -- in particular 570.200 through 570.208, covering eligible activities; 570.300 through 570.303, covering the application process; and 570.900 through 570.913, covering performance reviews;

2. Grantee Performance Report -- Year 14, F.Y. '87-'88 -- an annual report prepared for the U.S. Department of Housing and Urban Development (HUD) in a standard format, for HUD's use in evaluating the City's performance, and for submittal to Congress;
3. Block Grant Program Financial Reports -- monthly and quarterly financial reports providing "line-item" information on F.Y. '89 CDBG expenditures through December 31, 1988 -- and the year-end financial reports for F.Y. '88 CDBG expenditures (through June 30, 1988);
4. Audits by City's Certified Public Accountants (Peat, Marwick and Main, Inc.) -- audits as submitted by Peat Marwick to the HUD office of the Regional Inspector General for Audit, through F.Y. '87 (F.Y. '88 audit to be completed and submitted to HUD by May 31, 1989);
5. Year #14 (Current Year) Statement of Objectives and Projected Use of Funds -- as submitted to HUD on May 30, 1988 with our Year 14 application.

This information, as well as additional more detailed information that may be requested, can be obtained by contacting Janet Reale at (617)498-9034.

ESTIMATED FUNDING Our working figure for new CDBG funds to become available in the Fiscal Year beginning July 1, 1989, is \$2,969,292. This figure is the sum of the Federal grant (\$2,919,292) and the estimated CDBG Program Income (\$50,000) that will be received during the current year and made available on July 1, 1989. Advisory Committee members will note that the Federal grant amount is an increase of \$112,000 from the current-year \$2,807,000 grant -- and this increase is a well-deserved tribute to the many Cambridge residents and groups who joined others throughout the nation in working to focus congressional leaders on the need for continuing CDBG. However, as compared to our Year #1 (FY '76) CDBG grant, the forthcoming grant is a reduction of approximately 62% (\$2,280,000), when adjusted for the loss of buying power brought about by inflation.

Advisory Committee members should also bear in mind that the five Housing Rehab Revolving Loan Funds, together with the \$219,000 Wellington-Harrington Housing Rehab and Development Revolving Loan Fund (now operated through the CDBG Program) provide substantial additional housing funds, through the recycling of loan repayments received during the year. Such Revolving Loan Fund program income is loaned out again at the first opportunity as called for by Federal regulations, and so is not included with other program income that we reprogram in conjunction with the annual CDBG grant. The total Revolving Loan Fund Income received in the most recent program year (F.Y. '88) was \$421,450, and the

July 1, 1988 net worth of these revolving funds including Wellington-Harrington, was \$639,221.

Finally, it should be noted that the Administration's forthcoming Federal Budget recommendation for Federal Fiscal Year '89 - '90 (which provides the appropriation for our F.Y. '90 - '91 CDBG grant) will call for a reduction of more than 7 percent, or more than 11 percent in buying power when adjusted for likely inflation. This proposed cut will be made in the face of an authorized level funding of CDBG for Federal F.Y. '90, as contained in the Housing and Community Development Act of 1987, signed by the President on February 5, 1988.

The proposed cut in next year's CDBG grant is also being made in the face of an overall cut of approximately 70 percent in Federal housing and community development assistance since the current administration took office in 1981. In an effort to prevent further cuts, we intend to participate actively in this year's National Community Development Week (March 24 to 31), along with the U.S. Conference of Mayors, National League of Cities, National Communities Development Association, and the Cambridge Community Development Coalition. It is hoped that this nationwide effort will demonstrate to Congress and the Administration a very strong, grass-roots support for Federal funding of CDBG and related community development programs.

COMMENTS ON FIRST-DRAFT RECOMMENDATIONS FOR CDBG YEAR #15 PROGRAM EXPENDITURES. Further background information for the public hearing is given below in the form of comments on the first-draft's proposed allocations to each of the thirteen CDBG budget categories. (See Attachment #1). The numbering below follows that of the draft.

1. HOUSING REHABILITATION AND DEVELOPMENT The proposed \$1,602,000 allocation provides an increase of \$37,000 for the Housing Rehabilitation and Development function. With the overall CDBG budget under great pressure in other areas, this decision to provide additional funds for housing improvements reflects two key facts about the Cambridge CDBG Program. First, the maintenance and expansion of the City's housing stock for low-and-moderate income residents is necessarily at the core of the City's efforts to stabilize and continue Cambridge as a home for all economic groups. Second, the program machinery that CDBG has put together over a 14-year period to carry out the housing improvement work is a valuable resource the City should seek to keep in operation. Several details of the proposed allocation are provided below.

- The annual CDBG grant allocation to Housing Rehab and Development involves, each successive year, an increasing staff commitment to CDBG-eligible rehab and development operations from other funding sources totalling in the millions of dollars (e.g.

the above-cited revolving loan funds, plus the Rental Rehab, Section 312, Neighborhood Apartment Housing Services, East Cambridge Stabilization, HoDAG, UDAG, MHFA, and HELP programs, together with substantial private funds).

- The \$228,000 allocation for the Homeownership Program reflects the fact that, each successive year, the City is moving further ahead with its work of making homeownership possible for its low- and moderate income residents. In this connection, the City is also, each year, improving its mechanisms for ensuring that resale of such housing does not remove it from low-and-moderate-income ownership.

2. OPEN SPACE ACQUISITION AND DEVELOPMENT We do not anticipate allocation of Year #15 CDBG funds to development of new open space; but the City Manager's recommendations include the retention of this function as part of the Year #15 Program, for possible later funding, should needs or opportunities develop.
3. OPEN SPACE REHAB As in the case of Housing Rehab and Development, the City's CDBG-funded Open Space Rehab Program is increasingly becoming a contributor to a much larger program, operated by the City's Capital Improvements Committee and funded from a number of other resources (i.e. bonds, property-tax, State funds, other Federal funds). Since much of the design and field-engineering work is CDBG-funded, we can anticipate that this segment of the CDBG contribution may well continue to grow. The City Manager's recommendation for Year #15 provides a \$139,000 allocation, of which \$65,594 is assigned to construction costs (rehab of existing CDBG-eligible playgrounds and other open spaces), and \$73,406 for design and field-engineering services covering the larger program. This reflects a decision not to fund the Permanent-Arts-in-Open-Space Program (usually receiving \$20,000 annually), in part because this program has a reserve of CDBG funds adequate for approximately one and a half years of continued operations. The allocation also reflects a cut of approximately \$8,000 in construction funds, but the City anticipates that it will be able to make up this loss from other funds.
4. STREETS/SIDEWALKS/TREES As in the case of Open Space Acquisition and Development (#2, above) this unfunded category is recommended for retention. Current and immediately projected projects are City-funded.
5. NEIGHBORHOOD FACILITIES As in #4, above.

6. ARCHITECTURAL BARRIERS REMOVAL As in #4 above. Currently, approximately \$12,000 from earlier-year CDBG funding remains available for Architectural Barrier Removal projects, as well as approximately \$77,819.00 in the City's Public Investment Fund.
7. SPECIAL NEIGHBORHOOD STABILIZATION FUND The City anticipates that during F.Y. '90 it will incorporate parts of the City-funded East Cambridge Stabilization Program and North Cambridge Stabilization Program into Year #15 CDBG Program. This may become necessary in order to validate associated staff expenditures as eligible for CDBG funding.
8. NEIGHBORHOOD BUSINESS REHAB AND DEVELOPMENT The \$10,000 allocation is to help cover continuing planning and project execution costs in the Central Square Enhancement Project. Those funds will continue to implement the Central Square Action Plan recommendations.
9. HUMAN SERVICES The full "15%-of-grant" amount permitted by Congress has been allocated to Human Services. The selection of specific projects to be funded from this allocation will be made through a separate process, as in past years. This process is administered by the Human Services Department and involves a separate public hearing.
10. COMPREHENSIVE PLANNING/PROGRAM MANAGEMENT/PROJECT EXECUTION
& The \$17,000 decrease for these functions (to \$553,000)
11. reflects only the 20% ceiling limitation on CDBG Administration and Comprehensive Planning. Specifics are outlined below.
 - The "20% Ceiling" dollar figure for the combined cost of CDBG Program Management and City of Cambridge Comprehensive Planning can be no more than an estimate at this stage. This is because the dollar base against which the 20% is applied is the sum of three amounts, of which only one is now a known quantity. These three amounts are (1) the F.Y. '90 CDBG grant -- a known amount; (2) the F.Y. '91 (i.e. next year's) housing rehabilitation revolving loan fund income -- a totally unknown and difficult-to-predict amount; and (3) the F.Y. '89 (current year) CDBG Program Income from all sources other than rehab revolving loan funds -- an amount for which we only have one half the year's figures (July through December) at this writing.

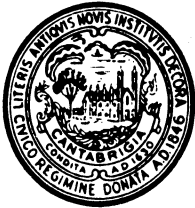
- Our estimate of the "20% ceiling" base is \$3,015,000. This is an estimate consisting of the known quantity -- the \$2,919,000 grant -- added to a conservatively-estimated rehab revolving loan fund income of \$46,000 and other program income of \$50,000.
 - The estimated ceiling therefore becomes \$603,000 - - i.e. 20% of \$3,015,000. We have apportioned this \$603,000 in two sub-amounts: \$553,000 for CDBG Management and Comprehensive Planning carried out by the Community Development Department and \$50,000 for that (management and planning) carried out by the Human Services Department. This \$50,000 sub-amount is part of the \$437,000 allocated for Human Services.
12. CONTINGENCY The Contingency Fund has been set at \$228,000, or 7.8% of the grant, as contrasted with the 10% allowed by the regulations. These funds will be held for use only on overruns in already established projects -- generally in construction projects -- and for unforeseen new-project needs, if any, that must be met immediately.
13. INTERIM FINANCING PROJECT The Interim Financing Project will provide short-term (one-to-two-year) economic and housing development loans from already allocated funds awaiting expenditure. Borrowers must provide the City with an Irrevocable Letter of Credit from a bank, in the amount of the loan. In general, the loan agreement will provide for periodic payments, as well as payment of the full balance due on 90 days' notice. Interest rates will be five percentage points below the bank prime rate for not-for-profit organizations, and will generally be two points below prime in the case of for-profit organizations.

ATTACHMENT 3

PUBLIC HEARING
CITY OF CAMBRIDGE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
APPLICATION PROCESS -
YEAR 15 (FY '89- '90 PROGRAM
THURSDAY
FEBRUARY 16 1989, 7:00 P.M.
MC CUSKER CENTER
(City Hall Annex, 57 Inman Street)
Third Floor Conference Room

This hearing will provide an opportunity for the City to obtain citizen views on: (1) Housing and Community Development needs in Cambridge; and (2) Current year CDBG Program performance; and (3) City Manager's First-Draft Recommendations, for Year #15 (FY '89 - '90) Program, for which Federal Funding (including accumulated program income) is currently projected to be \$2,969,292. Copies of the first-draft recommendation, as well as a related memorandum from the Assistant City Manager/Community Development to the City Manager's Block Grant Advisory Committee, will be available on February 3rd at the City Manager's Office in City Hall and the Community Development Department in the City Hall Annex. This will be the only public hearing on the Year #14 application. Questions about the public hearing, about the City's current and past use of Block Grant funds, and about Federal regulations governing the use of the Block Grant funds can be answered by Janet Reale, Block Grant Project Administrator, at 498-9034. With adequate advance notice to the Block Grant Project Administrator, the City will provide, as needed, transportation for the handicapped, a sign language interpreter, and foreign language translation services.

Michael H. Rosenberg
Assistant City Manager for
Community Development



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

TEL. 498-9011

EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

February 6, 1989

To the Honorable, the City Council:

Enclosed please find copy of a communication from Michael H. Rosenberg, Assistant City Manager for Community Development, relative to a Public Hearing on the Block Grant Program to be held on Thursday, February 16th, from 7:00 P. M. to 10:00 P. M. in the third floor conference room of the City Hall Annex, 57 Inman Street, Cambridge.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert W. Healy", is written over the typed name and title.

Robert W. Healy
City Manager

RWH/mbf

Enc.

Agenda Item No. 3 *S-93*

Re: enclosed comm. concerning a public hearing
on the Block Grant Program to be held Thursday,
February 16th from 7 p.m. to 10 p.m. in the
3rd floor conference room at the City Hall Annex,
57 Inman St.

In City Council,

February 6, 1989

2-6-89

Placed on file.