



## CITY COUNCIL REPORT

May 28, 2007

TO: Phillip L. Nelson, City Manager

FROM: Brian P. Murphy, Assistant City Manager/Economic Development Services  
Timothy Richnak, Public Works Director

SUBJECT: Program Year 2007 Community Development Block Grant (CDBG) Allocation

### Background:

- The City Council of the City of Troy approved the CDBG 2007 Application on November 13, 2006.
- The U.S. Department of Housing and Urban Development (HUD) released the U.S. Census Low and Moderate Income Summary Data (MISD) updates for fiscal year 2007 that immediately affect Oakland County's program year 2007 CDBG program.
- Consequently, Oakland County has recalculated its program year 2007 CDBG budget and community allocations by applying the updates to the allocation method and formula authorized by the Oakland County Board of Commissioners.
- The City of Troy's low/moderate income Census Tracts/Block Groups for CDBG area benefit activities has remained the same.

### Financial Considerations:

- The City of Troy's program year 2007 CDBG revised allocation is \$165,141. This figure is \$1,175.00 lower than our planning estimate for the program year 2007.
- The following adjustments to our program year 2007 application will be made to reflect the actual allocation amount.
 

○ Flood Drain Improvements	\$ 92,641.00
○ Home Chore Program	\$ 70,000.00
○ Administration	\$ 2,500.00

### Legal Considerations:

- There are no legal considerations associated with this item.

Policy Considerations:

- Enhance the livability and safety of the residents through CDBG funding. (goal #1)

VR\S: Murphy's Review/Agenda 06.18.07 – CDBG 2007 revised allocation



L. BROOKS PATTERSON, OAKLAND COUNTY EXECUTIVE

C O U N T Y M I C H I G A N  
D E P A R T M E N T O F E C O N O M I C  
D E V E L O P M E N T & C O M M U N I T Y A F F A I R S

COMMUNITY & HOME IMPROVEMENT DIVISION  
Karry L. Rieth, Manager

**To:** Highest Elected Officials  
Community Development Block Grant (CDBG) Directors/Contacts  
**From:** Karry L. Rieth, Manager, Oakland County Community & Home Improvement  
**Date:** 5/21/2007  
**Re:** Immediate Affects of U.S. Census Low and Moderate Income Summary Data (LMISD) Updates on Oakland County's PY 2007 Community Development Block Grant (CDBG) Program - U.S. Department of Housing and Urban Development (HUD) Requirements

The U.S. Department of Housing and Urban Development (HUD) released U.S. Census Low and Moderate Income Summary Data (LMISD) updates for Fiscal Year (FY) 2007 that immediately affect Oakland County's PY 2007 CDBG program. HUD policy requires Oakland County to use the data updates in its CDBG program effective June 1, 2007 as set forth at 24 CFR 570.208(a)(1) and HUD Notice CPD-07-01. The new data impacts the County's 2007 CDBG program in the following areas:

1. PY 2007 Community Development Block Grant (CDBG) allocations are revised based on U.S. Census Low and Moderate Income Summary Data (LMISD) Updates for FY 2007.
2. U.S. Census LMISD Updates change Oakland County's threshold used to qualify low/moderate income Census Tracts/Block Groups (CT/BG) for CDBG area benefit activities effective with PY 2007.
3. U.S. Census LMISD Updates may impact the eligibility of a community's CDBG area benefit activities prior to PY 2007 if the activities are located in CT/BG that are no longer eligible and the funds are not obligated or part of a multi-year funded activity.
4. U.S. Department of Housing and Urban Development (HUD) delays PY 2007 release of funds to grantees.

This letter generally addresses the four affected areas while individualized attachments reflect how the data specifically impacts your community's CDBG program.

1. **Revised PY 2007 CDBG Allocations Based on U.S. Census LMISD Updates**  
HUD used the LMISD updates to allocate Oakland County's PY2007 CDBG funds totaling \$3,892,687. Consequently, Oakland County has recalculated its 2007 CDBG budget and community allocations by applying the updates to the allocation method and formula authorized by the Oakland County Board of Commissioners (detailed on page 2, a.,b.,c.). The 2007 Oakland County CDBG allocation process uses 2000 Census information for total population (no population updates) and the new LMISD Updates for low/mod population.

a. OVERALL CDBG FUNDING APPROPRIATION

Deduct up to 20% of the grant amount for Planning/Management and Administration. Of the remaining funds allocate:

33.3% to the County Home Improvement Program administered on behalf of 50 communities

66.7% to 50 participating communities by formula

b. COMMUNITY ALLOCATION FORMULA

Population (no updates) + 3(low/moderate income households (LMISD Updates)) / 4

This formula creates a ratio for each community that is applied to the available community funding amount to calculate grant awards.

c. MINIMUM CDBG ALLOCATION TO COMMUNITIES

Communities that generate less than \$8,000 by formula will receive a minimum of \$8,000 to implement CDBG activities. The \$8,000 for each qualifying community is deducted from the total community funding pool amount before the final formula ratio is applied to the balance.

Your community's revised PY 2007 CDBG allocation and formula data sets (2000 Census population and the LMISD Updates) are provided as an attachment. Carla Spradlin, Planner will contact each community within two weeks to determine adjustments to your PY 2007 application to reflect the actual allocation amount.

**2. Change in Oakland County's threshold used to qualify low/moderate income Census Tracts/Block Groups for CDBG area benefit activities effective with PY 2007.**

LMISD are the data HUD uses to establish the minimum percent of low/mod income households an urban county CT/BG must meet to qualify as an eligible low/moderate income area in which CDBG activities may be undertaken. Beginning with PY 2007, eligible Oakland County CDBG areas must have a minimum concentration of 36.6 % low/mod households compared to 36.1% in past years. This new threshold may disqualify past eligible CT/BG, qualify new areas or may have no impact on areas. An updated community map reflecting eligible CT/BG and new low/moderate income population data is attached. If there are no changes, the community map cover page is noted as such.

**3. Impact on the eligibility of a community's CDBG area benefit activities prior to PY 2007 if the activities are located in Census Tracts/Block Groups that no longer qualify and the funds are not obligated or part of a multi-year funded activity.**

The LMISD may show that a CT/BG no longer qualifies. Effective June 1, 2007, starting and/or finishing activities in areas no longer eligible will be based on the following guidance:

- a. Area benefit activities that are contractually obligated in an ineligible CT/BG established prior to June 1, 2007 will be honored.
- b. Area benefit activities contained in CDBG applications prior to CDBG PY 2007 that are located in an area that is no longer eligible beginning June 1, 2007 must be reviewed and approved by Oakland County. Multi-year funded activities will be honored with contractual obligations.

**4. U.S. Department of Housing and Urban Development (HUD) delays PY 2007 release of funds to grantees.**

The U.S. Department of Housing and Urban Development (Detroit Field Office) has indicated a probable delay in the release of PY 2007 funds. As a result, CDBG funds may not be released from Oakland County until June or July. Our office will keep you apprised of any release of funds updates as they occur.

Our office remains committed to assist you in implementing the CDBG program to serve the low-moderate income neighborhoods and residents of your communities. If you have questions regarding the allocation or LMISD changes contact Carla Spradlin, Planner, at (248) 858-5312.

**Oakland County Community & Home Improvement  
 PY 2007 Community Development Block Grant (CDBG) Allocations  
 Based on LMISD Update from the  
 U.S. Department of Housing and Urban Development**

COMMUNITY	2000 TOTAL POPULATION	2000 LOW MOD POPULATION	LMISD UPDATE LOW MOD POPULATION	PY 2007 ALLOCATION
TROY	80959	15002	15296	\$165,141

**LMISD = Low and Moderate Summary Income Data**

The LMISD are the data HUD provides to grantees for use in making official determinations of activity compliance with the low- and moderate-income area (LMA) benefit national objective, in accordance with the housing and community development act of 1974, as amended, and the CDBG regulations. Grantees are required to use the most recently available census information as set forth at 24 CFR 570.208(a)(1)(vi). The regulations require timely use of this data. The LMISD can change each year during the annual update. The LMISD values are calculated using income reported to the census bureau as compared to income limits, where the reported income and income limits reflect the same point in time. The current LMISD is calculated using the 2000 census data, which is the latest available data for reported income. When changes occur in the LMISD values, HUD then issues a CPD notice to provide information on the changes and to reiterate the transition policy applicable to activities affected by changes in the LMISD. The LMISD values for 2007 have changed because the revised income limit areas, which HUD implemented for the 2006 income limits are being adopted. The LMISD for 2007 were calculated using the reported income in the 2000 census and the revised income limit areas as applied to the 2000-based income limits. The LMISD for 2007 also reflect the annual geographic changes. A description of the LMISD calculation process is available at <http://www.hud.gov/offices/cpd/systems/census/lowmod/calculation.cfm>. HUD encourages the use of this data as soon as possible, but the effective date for use is June 1, 2007.

# City of Troy

PLACE NAME	CT	BG	L/M	L/M UNIV	L/M%
Troy city	197400	2	426	816	52.2
Troy city	197400	3	278	322	86.3
Troy city	198100	1	1441	2631	54.8

