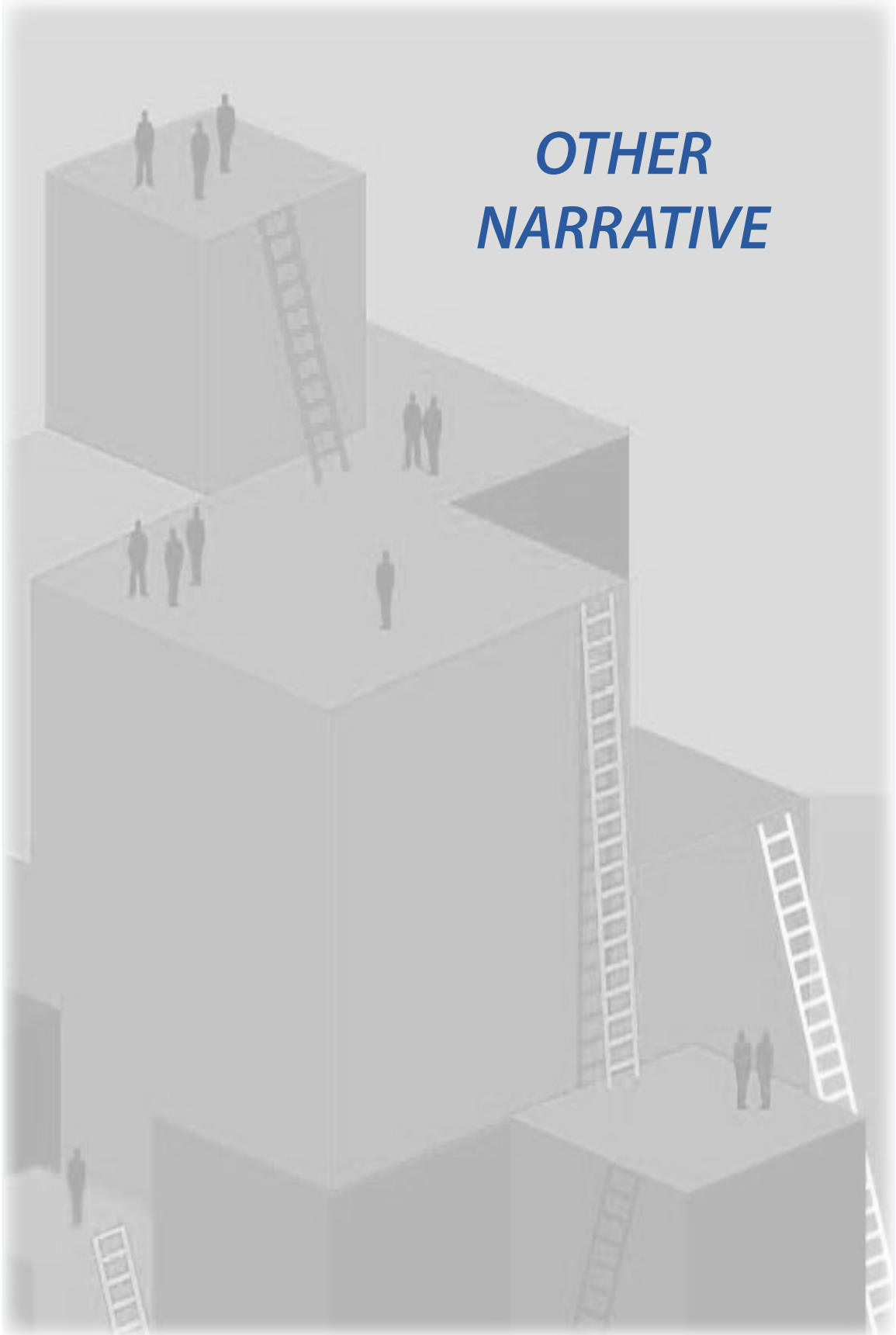


***OTHER
NARRATIVE***



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OTHER NARRATIVE

Include any Strategic Plan information that was not covered by a narrative in any other section.

Response to question:

HOME PROGRAM MATCHING

Sources of funds to meet the 25% matching funds requirements of the HOME program will be consistent with HUD Regulations 92.220, 92.221 and CPD Notice 97-03. The exact source and type of match will depend on the project or activity being funded with HOME. Excess match contributions and cash contributions, from nonfederal sources, made by the City, other nonfederal public entities, private companies and individuals, and cash contribution made to a non-profit organization are the most likely sources for match. Forbearance of fees and donated property are also possible sources of matching funds. Donation of labor or professional services may also be a source of matching funds for local HOME funded construction projects. On very large projects, the proceeds from affordable housing bond financing issued by the City or a housing authority are also potential sources of matching funds in this jurisdiction. The direct cost of supportive services is one of the sources of match for the HOME funded TBRA program. Other sources for the TBRA match are non-federal cash donations and grants.

PRIORITY AREAS WHERE CDBG AND HOME FUNDING WILL BE DIRECTED

There are fifteen census tract block groups in Bellingham that have been identified by HUD as being occupied by residents of which 51% or more have incomes at or below 80% of the area median. These block groups are known as CDBG Census Block Groups. The City targets CDBG funds to projects that are most likely to provide benefits for residents of these CDBG Census Block Groups. Each area can benefit from projects to improve recreation, housing, safety, and services.

Figure 1 in the General Questions chapter has a map of the CDBG Census Block Groups. These target Block Groups include all or portions of neighborhoods of York, Lettered Streets, Sunnyland, CBD, Sehome, WWU, Happy Valley, South, Roosevelt, Puget, Whatcom Falls, Birchwood, Meridian, Guide Meridian and Mt. Baker.

CDBG or HOME funded programs or projects, such as the Housing Rehabilitation Program, that serve low- or moderate-income households and that verify the income of residents/beneficiaries are funded on a citywide basis. The 2000 Census

indicated that approximately 12% of the Bellingham households were non-white and approximately 5% of the households were Hispanic. Census indicated areas of higher minority concentration tend to be in the older neighborhoods surrounding the city center – all of these neighborhoods are CDBG Target Neighborhoods. The Central Business District which has some of the highest concentration of minority residents in Bellingham is a priority for funding multi-family projects under the Housing Development Fund.

OTHER FORMS OF INVESTMENT

Due to the complexity of issues described in the *Strategic Plan* of the 2008-2012 *Consolidated Plan*, and the assortment of agencies working to address those issues, a variety of investments are considered suitable to further the goals of the *Consolidated Plan* and to fund the activities listed in the *Action Plan*. Page 102 of the *Strategic Plan* in the 2008-2012 *Consolidated Plan* lists 33 funding sources, including Low-Income Housing Tax Credits, sale of taxable bonds and tax-exempt bonds, and grants or low-interest loans from the Federal Home Loan Bank and State of Washington, all of which are considered suitable to fund projects and activities cited in the 2010 *Action Plan*.

HOMEBUYER PROGRAM RESALE/RECAPTURE

The City of Bellingham has selected the “Recapture” method of insuring affordability in the Homebuyer Assistance Program when funded with HOME funds. Recapture provision, based on low-income occupancy, will be consistent with HOME Regulations 92.254(5)(ii). The City will recapture the entire amount of HOME assistance given the homebuyer (92.254(5)(ii)(A)(1)) unless the net proceeds are not sufficient to recapture the full HOME investment, in which case recapture using the shared net proceeds process as described in 92.254(5)(ii)(A)(3) will be used. The amount subject to recapture will be consistent with the provision in 92.254(5)(ii)(A)(5). If a lease-purchase homebuyer assistance program is developed, such as is being considered with the BHA, HOME funds will be used consistent with 92.254(5)(ii)(A)(7). In 2010, the Homebuyer Assistance Program will be funded with Community Development Block Grant funds.

MONITORING PROGRESS TOWARD CONSOLIDATED PLAN GOALS

The Community Development Advisory Board (CDAB) is a citizens group that provides oversight for activities originated through the Community Development Division (CD), including the CDBG and HOME Investment Partnerships programs. CDAB is an integral component of the public process in developing the *Consoli-*

dated Plan and provides direction and feedback on the development of activities to be included in the annual *Action Plan*, including the allocation of funding to human service agencies. CDAB meets approximately ten times a year, receiving information and progress reports on the goals and activities described in the *Consolidated Plan*. In addition to the review by CDAB, City Council and the Mayor also receive progress reports on meeting goals as a part of the City budget process. Prior to starting the process of developing a new *Action Plan*, Community Development staff does a review of the status of the current *Action Plan* activities in relation to five year goals in the Strategic Plan. Staff meets with CDAB to advise them of the status of activities and to assist in planning appropriate changes to programs and activities in the coming year.

MONITORING FOR TIMELINESS OF EXPENDITURES AND PROGRAM REQUIREMENTS

CDBG regulations at 570.902 require that the amount of entitlement grant funds available to the City but undisbursed by the U.S. Treasury be less than 1.5 times the current entitlement grant on November 1 of every year. The amount of program income on hand plus the Letter of Credit balance, must also be less than 1.5 times the current entitlement grant on November 1 of every year. The City measures projected timeliness each time a drawdown is made from the U.S. Treasury. The projected rate of drawdown on each activity is re-evaluated throughout the year in order to anticipate potential compliance issues with the timeliness requirement.

On the November 1, 2008 timeliness test date the amount undisbursed by the U.S. Treasury for the City of Bellingham was 1.77 for the Letter of Credit and 1.88 including Revolving Loan Funds. While the City was successful in bringing its Revolving Loan Fund balance down significantly from last year through an increase in Home Rehabilitation loans, delays occurred in two other projects that account for exceeding the 1.5 standard. First Time Homebuyer program funds were not used as quickly as anticipated due to a drop in the number of eligible borrowers. This may have been due to the inability of first time borrowers to qualify for primary mortgages under new tightened lending standards in the mortgage industry. The second project was a capital project called Whatcom Creek Trail. The project was under construction as planned, but the City was forced to suspend payments to the contractor temporarily until the contractor came into compliance with Davis Bacon labor requirements. The City monitors the progress of these and all other projects every month. If draw downs continue to be slow the City will consider reallocation of funds to projects that can be completed more quickly. The City has calculated the timeliness ratio as of 10/23/09 to be .72 Letter of Credit and .74 when the Revolving Loan funds are included.

Due to the importance of utilizing CDBG funds in a timely manner to assist low and moderate income households, the City reserves the right to reassign funds from

Action items when it is determined that a project identified for funding is not proceeding in a timely manner. The HUD CDBG Guidebook on Timeliness indicates that City's should consider annually identifying in their Consolidated Plan a list of optional activities to be funded if other projects fell out or if the City should received unanticipated CDBG program income.

To address any recurring timeliness issues associated with utilizing annual CDBG funding in 2010, the following alternate projects may be pursued if a CDBG funded activity in the *2010 Action Plan* does not move forward in a timely fashion or if a portion of the funding remains after the projects are completed:

- Additional funding for a conversion/rehabilitation project to create a facility to provide transitional residential services for people with co-occurring disorders (substance abuse and mental health). (See Non-Homeless Special Needs Section, Goal 1, Strategy 1, Action 1.)
- Additional funding for the Home Rehabilitation Program (See Housing Section, Specific Housing Objectives, Goal 3, Strategy 1, Action 1).
- Funding for the rehabilitation activities planned for the Bellingham Housing Authority's Varsity Village Project (See Housing Section, Specific Housing Objectives, Goal 3, Strategy 1, Action 4).

HOME regulations, under 92.500 and CPD Notice 99-04/00-02, require HOME funds allocated to a participating jurisdiction (Bellingham) to be committed within 24 months after the last day of the month of the HOME award is made to the jurisdiction. Funds allocated for use by CHDO must meet the same conditions. Funds must be disbursed within five years of the award year. Because there are currently only two local agencies qualified as CHDOs, it is more difficult to assure the commitment of funds to appropriate and suitable projects. Timeliness of HOME program expenditures is reviewed in the same manner as the review of CDBG funds described above.

Actions the City of Bellingham undertakes to insure compliance with program requirements are based in the organization of Community Development Division and the assignments of staff. With respect to the CDBG and HOME Programs, Community Development Division is organized into areas of Planning and Management, Human Services, Housing and Special Projects. Managers are assigned to these areas and are responsible for compliance with regulations on a program level. Staff is assigned to specific projects/activities in these areas and programs function as activity project managers with responsibility for compliance with regulations at a project level. Some personnel are assigned compliance responsibility for specific types of activities requiring technical training, such as compliance with the Davis-Bacon Act, Fair Housing, Acquisition/Relocation, etc. Compliance review occurs as projects are processed. These reviews happen at application, when eligibility and national objectives are reviewed, at IDIS set-up, at environmental review/release of funds, at project commitment, at sub-recipient contracting, at fund

disbursement, at project closeout and at annual reporting.

Assuring housing projects are in compliance with housing codes and regulations: Housing projects receiving CDBG or HOME assistance through the City are funded through loans documented by promissory notes, recorded deeds of trust and with contractual loan agreements (including a specific HOME funding agreement). These documents establish the obligations for compliance with CDBG or HOME regulations. Rehabilitation or new construction projects funded with CDBG or HOME are required to secure City building permits and to meet all zoning and building code requirements. Buildings/units are inspected and corrections are required to meet building codes as a part of the building permit process. In addition for HOME funded projects, the affordability period requirement (92.252 and 92.254) and the associated HOME regulatory requirements are secured by a covenant recorded against the property. Annual tenant income certifications and information on rents and occupancy are required of project owners. On-site monitoring for compliance with housing quality standards in the HOME qualified units of projects is based on schedules established in the HOME regulations 92.504(d)(1&2).