



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Community Development - CDBG/Home

To: City Council

From: City Manager & Staff

Council Meeting Date: June 3, 2019

Re: 2020-2024 Consolidated Plan: Neighborhood Preservation Area and Federal Reserve Bank of St. Louis Community Reinvestment Act Goal Alignment.

Executive Summary

City staff has completed the FY 2020-2024 Consolidated Plan public engagement process for informing the City's 2020-2024 Consolidated Plan. Results of the public engagement meetings, surveys, Fair Housing Task Force and Community Development Commission meetings included feedback around the need for investment in the central city area. The Federal Reserve Bank of St. Louis also hosted an informational meeting at REDI on April 4, 2019 regarding their interest in attracting additional investment in affordable housing and community development funding to Columbia. City staff will be working with the Community Development Commission to consider including a "Neighborhood Preservation Area" within the 2020-2024 Consolidated Plan in order to meet the Federal Reserve Bank of St. Louis' need of establishing an area to assist in aligning federal resources for affordable housing and Community Reinvestment Act (CRA) investments of local community banks.

Discussion

REDI hosted a meeting with the Federal Reserve Bank of St. Louis on April 4, 2019. The meeting included an overview of the Federal Reserve Bank's Investment Connection Program, which helps connect banking institutions subject to the Community Reinvestment Act with local affordable housing, economic development and community investment efforts. FRB staff asked a group of local Columbia representatives several questions about local economic development, affordable housing and community development needs, efforts, strategies and partnerships. FRB staff indicated that their role is to bring banks and foundations to the table and to help facilitate collaborative investments around existing needs, priorities and partnerships. They plan to visit Columbia on June 18, 2019 to provide a detailed presentation on Community Reinvestment Act requirements, followed by a more formalized process for identifying funding opportunities. There will also be local panels conducted on banking and community development efforts in Columbia.

FRB staff stated they typically utilize a City's 5-Year Consolidated Plan to help identify needs and funding priorities of the community. FRB staff also stated preference for identifying a geographic area in order to best serve their program's needs, therefore, City staff intends to work with the Community Development Commission to consider identifying a "Neighborhood Preservation Area" for Columbia to include within its 2020-2024 Consolidated Plan.

HUD classifies these areas as a Neighborhood Revitalization Strategy Area (NRSA) under the Community Development Block Grant (CDBG). This designation provides CDBG grantees



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enhanced flexibility in undertaking economic development, housing and public service activities with their CDBG funds. Approved NRSAs must be primarily residential with 70 % of its total population being low to moderate income, or 80% the area median income or below. Census Tracts 9, 7 and 21 within Columbia's central city meet this criteria with a combined average household median income of 77.18%. The Fair Housing Task Force's analysis' included data and maps indicating the potential displacement of low to moderate income households in these census tracts and the importance of preserving affordable housing within the central city area. 2013-2017 ACS data also indicates total population within these combined census tracts has decreased by 6%, while all of Columbia's population increased by 5.5%.

Much of the Consolidated Plan and Fair Housing Task Force public input also included preserving affordable owner-occupied housing in the central city through infill development and rehabilitation of existing housing, therefore staff will be recommending the CDC review the value of including census tracts 9, 7 and 21 in a Neighborhood Preservation Area, which includes the North Central Neighborhood Association area, the business loop, Ridgeway and Douglas Neighborhood Association areas.

Cities can benefit from a comprehensive place-based approach by using CDBG dollars to leverage additional funding for the neighborhood. An NRSA designation encourages and requires extensive community consultation and participation in revitalization efforts. Grantees also receive enhanced flexibility when undertaking economic development and housing and public service activities when using their CDBG funds. Regulatory relief and greater flexibility are the primary benefits, rather than additional federal dollars. In a HUD-approved NRSA, CDBG funds may be involved in the following incentives:

- **Aggregation of Housing Units:** Housing units assisted in an approved NRSA, during each program year, may be treated as a single structure for purposes of meeting a national objective. The grantee must maintain documentation that demonstrates 51% of the all the single and multi-family housing units completed in the NRSA were initially occupied by low- and moderate-income households. In contrast, outside an NRSA, 100% of the single family homes must be occupied by low- and moderate-income households.
- **Job Creation/Retention as Low/Moderate Income Area Benefit:** Job creation/retention activities undertaken in an NRSA may be qualified as meeting the area benefit national objective, thus eliminating the need for businesses to track personal income and maintain records for jobs held by or made available to low- and moderate-income persons residing within the NRSA.
- **Aggregate Public Benefit Standard Exemption:** Economic development activities carried out in an NRSA may be exempted from the aggregate public benefit standards. While the public benefit standard for individual projects still applies, exemption from the aggregate standard means that a grantee may offer more assistance to attract companies that will be able to create jobs within an NRSA.



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- **Public Service Cap Exemption:** Public services carried out in an NRSA are not subject to the statutory 15% public service cap when such activities are carried out by a designated Community Based Development Organization (CBDO) undertaking a neighborhood revitalization, community economic development, or energy conservation project.

City staff plans to also examine the feasibility of implementing additional programs within an approved NRSA through its current board processes with the Community Development Commission and Loan and Grant Committee:

1. Increasing the maximum rehabilitation program benefit amount from \$35,000 to \$50,000 for projects for low to moderate income households.
2. Examine the feasibility of forgiving a portion of rehabilitation costs in exchange for voluntary opportunity for Columbia Community Land Trust purchase at resale.
3. Examine the impact and feasibility of expanding income eligible households by serving existing owner-occupants in the Neighborhood Preservation Area with incomes between 80 and 120% AMI.

City staff plans to present these potential options to the Community Development Commission and Loan and Grant Committee where appropriate to examine the need, discuss viability and determine appropriate steps to consider identifying a Neighborhood Preservation Area within the central city area. City staff also plans to reach out to central city neighborhood leaders to provide information and obtain feedback and considerations.

Fiscal Impact

Short-Term Impact: None.
Long-Term Impact: None.

Strategic & Comprehensive Plan Impacts

Strategic Plan Impacts:

Primary Impact: Social Equity, Secondary Impact: Economy

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Livable & Sustainable Communities

Legislative History

Date	Action
None.	None.



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Suggested Council Action

Review the report and provide direction to examine the inclusion of a Neighborhood Preservation Area within the 2020-2024 Consolidated Plan.