

# CDBG Reprogramming Hearing

---

## CDBG Reprogramming Hearing – ITEM #16

### ***PUBLIC SAFETY AND NEIGHBORHOOD SERVICES COMMITTEE MEETING***

***November 17, 2010***



# CDBG Reprogramming Hearing

## Reprogramming Background / Process

- **Why does the CDBG Program need to Reprogram funds?**
  - Reconciliation of project balances dating back to 1992
  - City is currently out of compliance with HUD's Timeliness Rule (no more than 1.5% on the books)
- **CDBG program is currently on a 'work out' plan with HUD**
- **CDBG Office notified agencies and project managers within the City of the Reprogramming process**



# CDBG Reprogramming Hearing

## Reprogramming Amount / Recommendation

- CDBG fiscal staff in partnership with Comptrollers have identified approximately \$10M in project balances available to Reprogram
- CDBG staff has discussed recommendations with the HUD offices on most viable use of Reprogramming funds
- CDBG office has identified 5 Section 108 loans that could be paid down with the Reprogramming funds



# CDBG Reprogramming Hearing

## Section 108 Loan Selection Criteria

- HUD's recommendation to pay down loans on *'incomplete projects'*
- Loans with largest Principal and Interest outstanding balances
- Insufficient funding to complete projects
- Loans to be paid down:
  - SEDC (3 projects) - \$4.2 M
  - Cortez Hill Transitional Housing - \$2.2 M
  - Council District 3 Public Improvements - \$1.95 M
  - Ocean Beach Library - \$1.4 M
  - Otay Nestor Branch Library - \$800 K



# CDBG Reprogramming Hearing

## Summary

- **Reprogramming CDBG funds is necessary to clean-up the over 800+ projects with outstanding balances**
- **Reprogramming CDBG funds to pay down some Section 108 loans, places the City back into compliance with HUD's Timeline Rule**
- **Reducing Section 108 loan debts will increase the amount of annual entitlement funds available CDBG funds for projects approved by Council (approximately \$1.4 M)**



# CDBG Reprogramming Hearing

---

## Questions?

