

# MAYOR & COUNCIL AGENDA COVER SHEET

**MEETING DATE:**

May 5, 2008

**CALL TO PODIUM:**

Louise Kauffmann,  
Director of Community  
Development

**RESPONSIBLE STAFF:**

Louise Kauffmann  
Mary Boyle, Affordable Housing  
Coordinator

**AGENDA ITEM:**

(please check one)

<input type="checkbox"/>	Presentation
<input type="checkbox"/>	Proclamation/Certificate
<input type="checkbox"/>	Appointment
<input checked="" type="checkbox"/>	Public Hearing
<input type="checkbox"/>	Historic District
<input type="checkbox"/>	Consent Item
<input type="checkbox"/>	Ordinance
<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	Policy Discussion
<input type="checkbox"/>	Work Session Discussion Item
<input type="checkbox"/>	Other:

**PUBLIC HEARING HISTORY:**

(Please complete this section if agenda item is a public hearing)

Introduced	
Advertised Gaithersburg Gazette	4/16/08
Hearing Date	
Record Held Open	
Policy Discussion	

**TITLE:**

Public Hearing on Fiscal Year (FY09) Community Development Block Grant (CDBG) projects, Policy Discussion and Resolution to Approve the HUD Consolidated Plan for Receipt of CDBG Entitlement Funds

**SUPPORTING BACKGROUND:**

As a Community Development Block Grant (CDBG) entitlement community under the US Department of Housing and Urban Development (HUD), the City is required to submit a five-year Consolidated Plan for the period July 2008 - June 2013 and an annual Action Plan outlining the activities it plans to undertake in the year ahead.

As part of its preparation of the Consolidated Plan, the City must develop a Citizen Participation Plan, which describes the methods by which Gaithersburg solicits citizen input and how those most affected by the City's community planning and development programs remain involved in the planning process.

As part of its Citizen Participation Plan, the City is required to hold two public hearings to obtain citizen views. The City held a public hearing on February 4, 2008, held two community meetings in different locations within the City, and is holding its second public hearing this evening.

A summary of Gaithersburg's Draft Consolidated Plan was published in the Gazette on April 16, 2008 and concurrently posted on the City's website. All comments received will be summarized and incorporated into the Plan prior to submission to HUD.

In addition to the \$444,977 in CDBG FY09 entitlement funds, this year, pending Montgomery County and HUD approval, the City will also have \$1,743,000 in program income for CDBG eligible projects.

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**DESIRED OUTCOME:**

Receive Staff Presentation, Conduct Public Hearing, and Vote on Resolution to Approve HUD Consolidated Plan.

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## Supporting Background Continued:

These funds will come to the City as the result of the sale of 402, 402B and 404 East Diamond Avenue, anticipated to occur in July 08. When the City acquired this property in 1998, the City used a significant portion of CDBG funds for the property purchase. The subsequent sale of the property will trigger this program income, which must adhere to all federal requirements or be returned to the US Treasury. Staff recommends that the City use the entire program income towards the construction of the Olde Towne Youth Center. Consistent with prior year spending, staff is recommending that the City use the FY09 entitlement award as follows:

Planning and Administration:	\$ 88,995
Public Service Funds	\$ 66,746
Eligible Capital Projects	\$289,235

In January 2008, the City issued an RFP for professional housing counseling services. In addition to ongoing housing counseling for renters, this RFP was designed to solicit proposals for programs to assist homeowners through homebuyer education programs and mortgage delinquency and default resolution counseling. The City received just two proposals, both of which were to assist homeowners at risk of foreclosure. These proposals were rejected by staff as it became apparent that both educational workshops and foreclosure counseling would be available to City residents through contracts executed by the State of Maryland, with additional financial support from Montgomery County. One of the grantees, Home Free USA, has agreed to offer its homeownership counseling out of the Family Services Agency's corporate offices at 610-640 East Diamond Avenue. This was made possible when the City agreed to pay the reasonable leasing costs at the facility (\$3,600 for the first year). The City intends to carefully monitor these services; should these agencies be so overwhelmed by County residents that our citizens are being turned away, the City will reconsider making funds available for this service.

The City also received a second year request from Liberty's Promise for \$30,000 to continue its civics education program and professional internships for at-risk immigrant youth at Gaithersburg High School. Child and Adult Services, Inc., a local non-profit agency that provides mental health and case management counseling in Gaithersburg, requested \$26,250 to place a part-time mental health therapist/case manager at the Oaks at Olde Towne. Public Service funds are also being set aside for emergency rent and utility payments for City residents being served under a separate housing counseling program.

In addition to the \$1,743,000 in program income available to the City for construction of the Olde Towne Youth Center, staff recommends that approximately \$290,000 from the FY09 allocation be used for the Rolling Stock project. Primarily due to protracted negotiations with the State Highway Administration, this project was delayed last year. The City believes that the Rolling Stock project will move quickly this summer, and recommends that these CDBG funds be used as part of the 1:1 required match.

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE MAYOR AND CITY COUNCIL TO APPROVE THE  
CONSOLIDATED PLAN FOR THE FIVE-YEAR PERIOD JULY 2008 - JUNE 2013  
UNDER THE FORMULA GRANT PROGRAM ADMINISTERED BY THE  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, the City is required to submit a Five-Year Consolidated Plan and Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD), outlining its strategy to meet the national objectives authorized under the 1974 Housing and Community Development Act, which include decent housing, a suitable living environment and expanded economic opportunities, principally for low-moderate income persons; and

WHEREAS, the City has prepared and made available for public review and comment for a 30-day period its draft Consolidated Plan and Annual Action Plan:

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of Gaithersburg, that the Five-Year Consolidated Plan and FY 09 Annual Action Plan is approved and the Acting City Manager is authorized to submit the Plan to HUD by May 15, 2008.

ADOPTED by the City Council this 5<sup>th</sup> day of May, 2008.

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SIDNEY A. KATZ, MAYOR and  
President of the Council

THIS IS TO CERTIFY that the foregoing  
Resolution was adopted by the City Council  
in public meeting assembled on the  
5<sup>th</sup> day of May, 2008.

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James D. Arnoult, Acting City Manager