
Annual Report on Community Development Activity in Fargo

HUD - Consolidated Annual Performance and Evaluation Report

City of Fargo, North Dakota
Fiscal Year 2006
(May 1, 2006 - April 30, 2007)

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Executive Summary

This report highlights progress that has been made in the implementation of the Consolidated Plan for Housing and Community Development. The report covers the time period of May 1, 2006 to April 30, 2007. Activities discussed in this report include those implemented by the City of Fargo Planning and Development Department and the Fargo Housing and Redevelopment Authority (HRA).

Resources

The City of Fargo received a CDBG award of \$706,516 in fiscal year 2006. This represented a 10 percent reduction from the prior year. The City received a HOME award in the amount of \$535,003.

Community development programs realized \$567,649.94 in program income revenue in the 2006 program year: \$318,637.70 from the HOME program and \$249,012.24 from CDBG activities.

Grant Management

All of the activities undertaken by the City of Fargo in fiscal year 2006 met one of the three HUD National Objectives. 63.2 percent of CDBG activity expenditures provided benefit to low and moderate income households and/or areas; 36.8 percent was spent on the elimination of slum/blighted conditions. 14.2 percent of CDBG expenditures went to public service activities and 16.6 percent was spent on Administration-related activities.

100 percent of non-admin HOME fund expenditures provided benefit to low income households.

The City has also complied with the other grant management requirements associated with the HOME and CDBG programs in 2006 (timeliness, match contribution, and CHDO reserve).

Priorities

Housing continues to account for more than half of all community development spending authorized by the City. Efforts focus on overall affordability concerns, with specific attention to affordable home ownership opportunities. Of the total \$1,778,574 in federal funds spent in 2006, 57 percent went to fund affordable housing or homeownership activities. 16 percent of the CDBG funds that were spent in 2006 funded Owner and Rental Housing Rehab, and Housing Education projects. All of the non-administrative HOME funds went directly to housing activities, funding owner occupied rehab, the downpayment assistance program, and special housing projects.

Summary of Resources

Community development activities are carried out by the Community Development division of the Fargo Department of Planning and Development. The majority of administrative support for these activities is funded by HUD grant dollars; however, a portion of staff salaries and program operating costs are funded with city general fund revenues.

	FY 2005	FY 2006
CDBG		
Grant	\$789,140.00	\$706,516.00
Program Income	\$135,467.67	\$249,012.24
Revolving Fund	\$0.00	\$0.00
HOME		
Grant - PJ	\$523,640.00	\$535,003.00
Program Income – ND DCS	\$251,827.51	\$177,336.07
Program Income – PJ	\$18,228.52	\$141,301.63
ADDI ¹	\$45,000.00	\$33,695.00
LOCAL		
Rehab – homeowner share	\$58,150.49	\$92,703.00
Rental Rehab – recipient share	\$330,911.88	\$324,130
Downtown proj – recipient share	\$215,146.66	\$446,464.00
TOTAL RESOURCES	\$2,367,512.73	\$2,706,160.94

¹ 2006 ADDI funds were awarded to the City of Fargo by the State of North Dakota from the state allocation.

FEDERAL RESOURCES

Direct allocation of Grant Funds

The City of Fargo received a CDBG award of \$706,516 in fiscal year 2006. This represented a 10 percent reduction from the prior year. The City received a HOME grant of \$535,003.

The chart below illustrates the importance of “program income” to Fargo’s overall community development budget.

	CDBG	HOME	Program Inc	Total
1999	849,000	405,000	393,102	\$1,647,102
2000	852,000	505,000	375,239	\$1,732,239
2001	883,000	562,000	606,817	\$2,051,817
2002	866,000	592,000	315,224	\$1,773,224
2003	861,000	704,679	506,367	\$2,072,046
2004	835,000	647,466 ²	560,402	\$2,042,868
2005	789,140	568,640 ³	405,524	\$1,763,304
2006	706,516	568,698 ⁴	567,650	\$1,842,864

Activities generating program income

The City realized more than \$567,649.94 in program income revenue in the 2006 program year: \$318,637.70 from the HOME program and \$249,012.24 from CDBG activities.

Loan Payments

A total of \$249,012.24 in CDBG loan repayments was received in PY 2006. This included a \$68,202 loan payment (loan due payable upon sale of property) and \$170,000 repayment for a grant to the Fargo Theatre. \$10,810 were normal loan repayments.

In 2003 the City’s Owner occupied housing rehab program started providing assistance both as deferred payment and amortized loans. In the 2006 program year, the City received \$39,539.80 in HOME program income from rehab loan payments.

Sale of Property

None of the reported program income in the 2006 program year came from the sale of CDBG owned property or from property which the city had an interest in.

Recaptured Funds

The Housing Rehab program (HOME and CDBG) and the Downpayment Assistance program (HOME) are long-standing programs of the City of Fargo. These programs generate recaptured funds each year, the majority of which is attributable to the HOME program. Funds are recaptured when a homeowner sells his or her property prior to the stated forgiveness period attached to the mortgage. Recaptured funds are based on net proceeds of the sale.

The City received \$10,000 in recaptured funds from a PJ-originated downpayment assistance loan (HOME), \$177,336.07 in recaptured funds from downpayment assistance and housing rehab loans originated with HOME funds received from the state of North Dakota, and \$0 in recaptured CDBG funds from housing rehab loans.

² This includes an ADDI allocation of \$55,625, received directly from HUD.

³ This includes an ADDI allocation of \$45,000 received from the State of North Dakota.

⁴ This includes an ADDI allocation of \$33,695 received from the State of North Dakota.

Other

The City currently has parking spaces for rent downtown which bring in about \$400 per month. A total of \$69,491.54 in miscellaneous revenues was returned to the CDBG program in the 2006 program year.

Administrative Requirements

Expenditure Caps

All of the activities undertaken by the City of Fargo in fiscal year 2006 met one of the three HUD National Objectives. 63.2 percent of CDBG activity expenditures provided benefit to low and moderate income households and/or areas. 14.2 percent of CDBG expenditures went to public service activities and 16.6 percent was spent on Administration-related activities.

100 percent of non-admin HOME fund expenditures provided benefit to low income households.

CHDO Reserve Projects - HOME

As a PJ, the City was required to commit no less than 15% of its 2006 HOME allocation to CHDO projects. In FY2006, the City participated in the Bluestem Townhomes project, which was undertaken by a CHDO. It received funding in the amount of \$220,000 (\$111,584.35 drawn in 2006). This is the second year HOME funds were invested in the project. The 2006 project involved the construction of 30 LIHTC-financed rental units in 19 buildings that serve a very low income population (most earn less than 50 percent of area median income). 15 of these units were completed in the 2006 program year.

Funds were committed and disbursed for this project during the 2006 program year. This commitment of \$100,000 (#447) represents 18.7 percent of the city's 2006 HOME allocation.

Timeliness / Rate of Expenditure

The City of Fargo was timely in its expenditure of federal resources for both the CDBG and HOME programs during the 2006 program year.

The HOME program requires that 100 percent of funds be committed within two years and spent within five years of the program year in which they were received by the PJ. In 2006, the City of Fargo had a total of \$568,698 available for commitment (\$535,003 authorized as grant funds and \$33,695 as ADDI funds) - 76% (\$434,977.57) of the total available 2006 grant was committed to activities in the 2006 program year, and 50% (\$282,374.57) was actually disbursed during that time period. 67% of the 2005 grant was committed and disbursed as of the end of the 2005 program year.

The CDBG program requires that an entitlement community have no more than 1.5 times its grant in the line of credit three months before the end of the program year. In March 2007 (date of PY2006 timeliness test for Fargo), the City had an "unadjusted" timeliness ratio of 1.27 (1.52 adjusted).

OTHER RESOURCES

Leveraging

The City of Fargo is cognizant of the need to leverage federal funds with non-federal sources. Efforts are underway in the areas of neighborhood revitalization, housing rehab, and homelessness.

Housing Rehab. The City has partnered with a private lender, Gate City Bank, to establish a loan fund for renovation of homes in older neighborhoods.

Neighborhood Revitalization. New infill construction in older neighborhoods is being accomplished in partnership with the Fargo Public Schools building trades programs and the local Habitat for Humanity affiliate.

Homelessness. The City's 10-Year Plan to end long term homelessness calls for extensive partnerships within the community and throughout the state. There are opportunities for city, state, not-for-profit, and for-profit partners to help us achieve the goals outlined in the plan. This year, the City made a significant step toward tackling the problem of long-term chronic homelessness with the acquisition of a property designated as an emergency homeless shelter.

Matching Requirements

Upon becoming a Participating Jurisdiction, the City of Fargo became responsible for documenting appropriate match in conjunction with the receipt of HOME funds. For the 2006 program year, match liability was incurred on the entitlement funds received from HUD.

The following table shows the city's match activity between May 1, 2006 and April 30, 2007. This reporting period is as per CAPER requirements. The City's actual match obligation is determined on a federal fiscal year basis (October 1 – September 30).⁵

2006 Program Year	
Funds Drawn	\$873,437
Match Liability incurred	\$113,130
Value of Match Contributions recognized during 2006 program year	\$914,812
Match as % of Total Liability	809%

Special Activity notes

Acquisition, Relocation or Displacement.

The CDBG-funded rental rehab program helps improve the quality of and preserve the affordability of rental units in downtown Fargo. When the units are occupied, the owners often encounter the need to temporarily relocate tenants to accommodate the rehab schedule. During the 2006 program year, there were no projects necessitating relocation assistance.

⁵ Please note that the City is also current on its match obligation when looking at the federal fiscal year.

No new properties were purchased with CDBG funds this year. None of the owner-occupied rehab projects funded with HOME dollars in 2006 required relocation of the families, as necessitated by the lead paint work that was included in the project.

Economic Development Activities.

The City reported spending on six economic development projects in the 2006 program year but, none of them had a designated benefit of "low/mod jobs". These activities focused on the elimination of slum and blighted conditions in the downtown area.

Presumed benefit activities.

None of the activities reported in the 2006 CAPER were "presumed benefit" activities.

Activities generating program income.

The State Division of Community Services allows the city to retain any HOME program income/recaptured funds earned from the funds they awarded to the City as long as those funds are re-applied to an eligible activity. The North Dakota HOMENet system is the method by which these funds are reported and tracked. Any CDBG program income earned by the City is received in to IDIS during the monthly draw process and is then applied to an eligible activity.

Both the HOME and CDBG program return program income to the city each year. More detailed discussion of activity-specific income generation can be found in the "resources" section of this document.

Rehab activities.

The Fargo owner-occupied Housing Rehab program is funded with a combination of CDBG and HOME funds. The program typically assists approximately 25-30 housing units per year. In 2006, the program assisted 28 separate housing units.

- CDBG - \$0 in grant funds
- HOME - \$149,407.56 in ND DCS program income funds and \$289,821.71 in PJ grant/program income funds matched with \$103,287 from the homeowners
- TOTAL - \$439,229 in grant funds and \$103,287 in private homeowner contributions

The City funds a Rental Rehab program that provides a deferred payment loan to property owners interested in renovating affordable rental units in the downtown area. In 2006, the CDBG rental rehab program completed renovation of 28 units. The program was set up as a matching program, with the CDBG loan forgivable after five years if the property is maintained as affordable to low/mod tenants for the duration of that compliance period. Currently the program is not active

In addition, the City provided HOME funds for the construction of rental units in one of the CHDO projects (Bluestem Townhomes). The project has added 30 units of townhouse-style rent-to-own housing.

One-for-one Replacement Requirement

Federal funds were not used in the demolition or conversion of any housing units in the 2005 program year. As such, the Section 104(d) one-for-one replacement requirements were not triggered.

On-site inspection of assisted rental housing (HOME)

The city was scheduled to conduct on-site file monitoring and unit inspections of three HOME-assisted projects in June 2006. The projects having received on-site monitoring were:

- Sister's Path, 12 HOME units (12 units total)
- Graver Rehab, 14 HOME units (60 units total)
- YWCA Transitional Housing, 2 HOME units (2 units total)

In addition, the City facilitated the regular on-site inspections required for state-funded HOME projects as per the established monitoring schedule.

Performance Measurement Summary

PROGRESS ON AGENDA SET IN 2006 ACTION PLAN

All of the projects identified in the 2006 Action Plan are either underway or completed. With the exception of the Housing Rehab Rental Program which was not funded this year and the Special Assessment Assistance Program which is still drawing 2005 funds, all projects are progressing according to schedule with completion anticipated for most of the remaining projects in the 2007 program year.

The City of Fargo continued to support community development related activity in the community by providing certifications of consistency with the Consolidated Plan in fair and timely manner.

Expenditure Summary 2006 Action Plan Activities

Activities	CDBG Budgeted	HOME Budgeted	Status	Funds Drawn from '06 Activity	% of '06 Budget drawn in PY05
1. Housing Rehab – Owner	50,000	350,000	Underway	229,372	57%
2. Housing Rehab – Rental	100,000	0	Not started	0	0%
3. Downpayment Assistance	0	83,695	Not started	0	0%
4. Special Assessment Assistance	75,000	0	Not started	0	0%
5. CHDO Project (Bluestem Townhomes)	0	110,000	Underway	100,000	91%
6. Habitat for Humanity	0	60,000	Completed	60,441	101%
7. Special Projects, Homelessness, Workforce Housing	158,516	141,503	Underway	218,366	73%
8. Downtown Projects	280,000	0	Underway	156,735	56%
9. Housing Education	30,000	10,000	Underway	38,000	95%
10. Cultural Diversity Resources	50,000	0	Underway	37,095	74%
11. CHARISM	40,000	0	Underway	28,963	72%
12. Metro Access to Jobs Transportation program	5,000	0	Underway	2,817	56%
13. Admin	152,000	53,500	Underway	158,250	78%
14. Contingency	61,000	0			
	1,001,516	808,698		1,030,039	57%

RELATIONSHIP OF ACTIVITIES TO THE CONSOLIDATED PLAN

The City has provided requested certifications of consistency for HUD Programs in a fair and impartial manner, for which the City indicated that it would support application by other entities. The City did not hinder Consolidated Plan implementation by action or willful inaction.

Assessment of progress toward locally-established 5-year goals

The Consolidated Plan outlined six policy goals that were to be the focus of Fargo's community development activities in the short term. The following table lists the goals and the amount of CDBG and HOME money spent by goal in the 2006 program year.

	CDBG Funds spent in '05	<i>% of CDBG funds drawn</i>	HOME * Funds spent in '05	<i>% of HOME funds drawn</i>	TOTAL FUNDS SPENT	<i>% of Total funds drawn</i>
1. Affordable Housing	\$113,700	13%	\$464,563	53%	\$578,263	33%
2. Homeownership	\$34,838	4%	\$334,576	38%	\$369,414	21%
3. Homelessness	\$216,636	24%	\$0	0%	\$216,636	12%
4. Neighborhoods	\$287,837	32%	\$0	0%	\$287,837	16%
5. Fair Hous/Diversity	\$40,777	5%	\$0	0%	\$40,777	2%
6. Poverty Reduction	\$54,098	6%	\$0	0%	\$54,098	3%
Administration	\$158,250	17%	\$74,299	9%	\$232,549	13%
Total	\$905,136		\$873,438		\$1,778,574	

* Includes HOME funds received as a PJ, as a subrecipient of the state of North Dakota, ADDI and program income

**See the table on p. 10 for detailed budget information

Housing continues to account for more than half of all community development spending authorized by the City. Efforts focus on affordability, with specific attention to affordable home ownership opportunities. Of the total \$1.778 million in federal funds spent in 2006, 56 percent went to fund housing activities. All of the non-administrative HOME funds went directly to housing activities, funding owner occupied rehab, the downpayment assistance program, and special housing projects.

Assessment of Progress toward Macro Program Goals

The Department of Housing and Urban Development has embraced two national goals in addition to the three basic goals for successful community development. These goals represent activities that span the practice of community development.

1. End Chronic Homelessness by 2012 (*Administration*)
2. Expand Minority Homeownership (*Administration*)
3. Provide Decent Housing (*HUD*)
 - Assisting homeless persons obtain affordable housing
 - Assisting persons at risk of becoming homeless
 - Retention of affordable housing stock
 - Increase the availability of affordable permanent housing to low and moderate income families, particularly to members of disadvantaged minorities
 - Increasing the supply of supportive housing, which includes structural features and services to enable persons with special needs to live in dignity and independence
 - Providing affordable housing that is accessible to job opportunities.
4. Encourage a Suitable Living Environment (*HUD*)
 - Improving the safety and livability of neighborhoods
 - Increasing access to quality public and private facilities and services
 - Reducing the isolation of income groups within areas through spatial deconcentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods
 - Restoring and preserving properties of special historic, architectural, or aesthetic value
 - Conservation of energy resources
5. Expand Economic Opportunities (*HUD*)
 - Job creation and retention
 - Establishment, stabilization, and expansion of small businesses (including microbusinesses)
 - Provision of public services concerned with employment
 - Provision of jobs to low income persons living in areas affected by those programs and activities, or jobs resulting from carrying out activities under programs covered by the plan
 - Availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices
 - Access to capital and credit for development activities that promote the long term economic and social viability of the community
 - Empowerment and self-sufficiency for low income persons to reduce generational poverty in federally assisted housing and public housing

The goal of the City of Fargo is to enhance, maintain and sustain a livable community that includes a vibrant downtown integrated with surrounding neighborhoods that offer a wide range of housing choices and mixed uses. In the 2006 program year, Fargo's community development activities were aligned with the above-stated macro program goals.

1. End Chronic Homelessness by 2012. The City initiated a strategic planning process focused around the goal of ending long term homelessness in our community in 10 years (2016). More information on the city's 10-Year Plan to End Long Term Homelessness on page 17 of this document.

2. Expand Minority Homeownership. Continued support of homebuyer education courses offered by the Village ensures that information about homeownership is available to people who need English language interpreters (courses were offered with Spanish and Bosnian interpreters and one-on-one video sessions for people with limited English proficiency) and that the course is offered in ways that make it easier for people to participate (ex. full day class for people who cannot do evening hours). In 2006, 13% of the Fargo residents who took the homebuyer education course were minorities.

3. Provide Decent Housing. The majority of projects funded by the City of Fargo have the intended goal of providing decent housing. The owner occupied rehab program has been a cornerstone of Fargo's community development efforts for 20 years. It has preserved as viable more than 800 units of affordable housing (28 new units completed this year). The Bluestem Townhomes project provides affordable housing for low income families in one of Fargo's newest neighborhoods, offering close proximity to employment opportunities on the community's south and west sides. High quality affordable housing has also been constructed through the City's partnership with the local Habitat for Humanity. In addition, a significant amount of staff time has been spent in the last year on the development of strategies that will assist homeless people in obtaining permanent housing. The 2007 and 2008 budgets are likely to include several projects that further the established goals.

4. Encourage a suitable living environment. The Bluestem project has as one of its primary benefits, the deconcentration of affordable housing. It is one of the first low income housing tax credit projects for families in Fargo's newest neighborhoods. There are other senior-only projects in the growth areas that also contribute to this distribution of affordable housing throughout the community. The investments made in downtown have made immense improvements in the overall livability of the downtown neighborhood and have helped preserve dozens of historic properties that contribute to the context of the Downtown Historic District.

5. Expand Economic Opportunities. City staff have been involved in two economic development projects in the 2006 program year (micro-enterprise development and availability of capital for residential and commercial). The involvement to this point has been in the form of technical assistance and not direct financial investment. Both have the potential to create economic opportunity for low income minority households in the community.

Measurement of Program Outcomes

The 2005-2009 Consolidated Plan outlines a baseline system the City of Fargo will use to measure performance of local community development programs and progress toward achievement of goals. Program outcomes will be measured by a series of fourteen indicators that are intended to identify changes in neighborhood/community quality of life. Measures 1-4 are included at HUD's request; measures 5-10 are locally initiated.

Measure #1: Homeownership rates in targeted neighborhoods/community

Source: 2000 Census, City Assessor/City Inspections

The city's records are not organized in a way that guarantees precision on housing unit/housing tenure analysis by neighborhood. However, the information in the following table can provide some insight into housing dynamics at the neighborhood level. Due to the level difficulty in obtaining these specific numbers, 2005 data is reported here. It is the intention of the City to report on 2007 numbers in next year's CAPER.

Neighborhood	# of Housing Units (2005)	% of Units Single Detached or Twin Home ** (2005)	Homeownership Rate (2000 - Census)	Homeownership Rate (2005 - City)
North Neighborhoods				
Horace Mann *	1,392	74%	68%	68%
Longfellow	960	100%	99%	100%
Madison / Unicorn Park *	984	76%	57%	63%
Northport	2,613	57%	56%	57%
Roosevelt/NDSU *	3,130	44%	27%	25%
Trollwood	1,263	36%	58%	39%
Washington *	1,381	74%	62%	67%
Total North	11,723			
Central Neighborhoods				
Clara Barton *	1,015	100%	95%	98%
Downtown *	2,341	11%	10%	17%
Hawthorne *	1,583	53%	49%	48%
Jefferson Area *	2,635	65%	57%	58%
Lewis & Clark *	1,177	77%	63%	61%
South High *	1,008	62%	78%	75%
Total Central	9,759			
South Neighborhoods				
Bennett	828	86%	66%	88%
Bluement Lakes	1,988	50%	51%	52%
Brunsdale	3,274	37%	44%	41%
Centennial	488	100%	99%	100%
Lincoln	504	82%	86%	90%
Prairiewood	814	37%	51%	48%
River Drive	596	51%	63%	50%
Rose Creek	408	99%	99%	99%
Southpointe	1,476	67%	62%	64%
Stonebridge	2,153	37%	43%	39%
Westgate	2,042	13%	23%	20%

Neighborhood	# of Housing Units (2005)	% of Units Single Detached or Twin Home ** (2005)	Homeownership Rate (2000 - Census)	Homeownership Rate (2005 - City)
Total South	14,571			
West Neighborhoods				
Amber Valley	588	7%	n/a	7%
Anderson Park	102	0%	n/a	0%
Osgood	767	50%	n/a	49%
Pointe West	859	31%	n/a	37%
Village West	2,617	10%	27%	10%
West Acres	1,578	0%	2%	2%
Willow Park	1,370	12%	5%	9%
Woodhaven	456	78%	n/a	84%
Total West	8,337			
TOTAL City of Fargo	44,777***			

* Indicates neighborhoods included in city's revitalization efforts

** Structure type single detached or twin (*City Assessor Type field values: 1 (single detached), 2 (duplex), 6 (conversion), 7 (twin home)*)

*** An additional 328 housing units are not located in a currently assigned neighborhood

Measure #2: Total # of minority households assisted in becoming homeowners

Source: City

3 of the 57 downpayment assistance projects that closed in 2006 funded minority homebuyers (black-non-hispanic). That number equals 5%. 33 of the 253 (13%) Fargo residents that participated in homebuyer education programs were minorities.

Measure #3: Change in property values as result of rehab (*constant dollars/s.f.*)

Source: City

The actual range of property value changes was \$0 to \$24,000. The average investment per s.f. was \$21.30. The average ratio of dollars invested to gain in property value was 3.2 (i.e., On average, we can expect a \$1.00 change in property value for every \$3.20 invested in rehab).

Measure #4: Number of unit years of affordability in rental projects

Source: City

PROJECTS COMPLETED IN PY2006	Funding Source	# units	Affordability Period	Total Yrs of Affordability
Rental Units				
Bluestem Homes	HOME	15	15	225
TOTAL		15	15	225

Measure #5: Number of housing units where rehab eliminated at least one significant health/safety deficiency

Source: City

All 32 federally assisted projects eliminated significant health/safety deficiencies.

Measure #6: Number of chronically homeless individuals

Source: 2006 ND Point in Time Survey

Fargo- Basic Demographics	<i>Chronic</i>	<i>Long term homeless</i>	<i>Homeless pop (total)</i>
Total Count	48	87	249
Average age	48	47	44
Under age 18	0%	17%	16%
Employed	33%	37%	43%
Race -			
American Indian	13%	18%	20%
Black	6%	7%	7%
White	77%	57%	65%

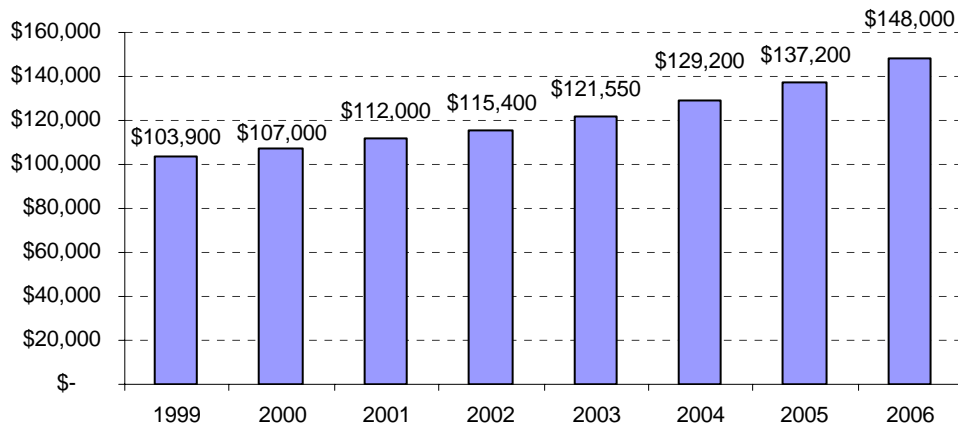
**The definition of "long term homeless" is the same as HUD's definition of chronic homeless without the exclusion of families of persons not traveling alone.*

Measure #7: Median dollar amount of mortgages and Median sale price of homes

Source: City Assessor / HMDA

Median Sale Price-Single Detached Homes

Fargo Assessor's Department, 1999-2006



Measure #8: Number of mortgage loan application records*Source: HMDA, 2005 Aggregate Table 10*

	<u>2005</u>	<u>2004</u>	<u>2000</u>
FHA/VA	407	460	779
Conventional	1,837	1,695	1,462
Total	2,244	2,155	2,241

Measure #9: Mortgage approval rate*Source: HMDA, 2005 Aggregate Table 10***FARGO (Principal City of FM MSA)**

	<u>2005</u>	<u>2000</u>
FHA/VA	96.5% (393/407)	92.6% (721/779)
Conventional	87.9% (1,614/1,837)	78.9% (1,154/1,462)
Total	89.4% (2,007/2,244)	83.7% (1,875/2,241)

US AGGREGATE (Principal Cities)

	<u>2005</u>	<u>2000</u>
FHA/VA	83.1%	84.3%
Conventional	67.1%	59.3%
Total	68.1%	65.3%%

Measure #10: Unemployment rate*Source: ND Job Service (<http://www.state.nd.us/jsnd>)*

The unemployment rate in Fargo in 2005 was 2.6%.
 (2000 Census: 2.4%; 2005 Job Service: 2.8%)

Other Actions Undertaken

AFFIRMATIVELY FURTHERING FAIR HOUSING

The City of Fargo Planning and Development Department last updated its *Analysis of Impediments to Fair Housing* in July 2002. The report identified the following issues as being potential barriers to fair housing choice.

- Fair Housing Education
- Historic Isolation by Income
- NIMBY (Not-in-my-back-yard) Syndrome
- Availability of Accessible Housing
- Affordability of Housing

The Planning and Development Department will continue to work in conjunction with other organizations interested in fair housing activities and will actively work towards the achievement of the goals and actions outlined in the City's Analysis of Impediments.⁶ The City will continue to work on enhancing local understanding of the specific housing issues faced by people with disabilities.

AFFORDABLE HOUSING

"Affordable housing" is a broad concept that must be brought to specificity in order for it to have meaning in a particular community. In the City of Fargo, we are working to foster and maintain affordable housing while also trying to eliminate any barriers to affordability that may exist.

A housing study completed in April 2005 indicated that affordability is, indeed, a problem that requires specific definition in the Fargo Moorhead area. The great competition in the local rental market means that rental housing tends to be relatively affordable. However, affordability gaps become apparent when looking at particular segments of the population, namely households at or below 30 percent of median income including both families with children and seniors. The segment of the population that is most likely to experience a significant rental housing cost burden is the senior population over age 75.

The situation is similar in the homeownership market. Even though housing prices are affordable in Fargo Moorhead, relative to other metro areas, they are still out of reach for most households earning less than 60 percent of area median income.

The city's housing rehab programs, both federally and locally funded, are the most important tool we have to preserve and maintain the community's existing stock of affordable housing. Regardless of the fact that rehabilitation of homes is becoming increasingly expensive, it is still an economic reality that our best source of affordable housing lies with our existing housing stock. The costs of new construction make the creation of a significant amount of new affordable housing a difficult proposition. This fact spurs the city to continue funding rehabilitation programs for owner-occupied units over 40 years old and rental units in the downtown area. Local funds are used to finance the rehabilitation of owner occupied units in the neighborhoods immediately surrounding the central business district.

⁶ The Analysis of Impediments to Fair Housing Choice can be downloaded from the Planning Department web site at: <http://www.cityoffargo.com/housing>.

In 2006, the City was also able to use HOME funds to support the creation of new affordable housing units by a local CHDO (Bluestem Townhomes) and by the local Habitat for Humanity affiliate.

The City will continue to work with the private and non-profit sectors to create new and maintain existing affordable housing opportunities in the community, with specific attention to the hardest-to-serve populations (households at or below 30 percent of area median income for rental housing and 60 percent of area median income for owned housing).

One such promising effort is the Metropolitan Workforce Housing Initiative, which brings together policy makers and community members from the entire FM metro area to assess the housing needs of the local workforce and to begin developing consensus around strategies that we can and will pursue as a region. While workforce housing is not the only area of housing need (seniors, disabled, homeless), it is definitely a place to start.

ACTIONS TO ADDRESS UNDERSERVED NEEDS

There were no “underserved populations” specifically identified in the 2006 Action Plan. However, there are certainly subpopulations within the community which are less likely to be actively engaged in the public process surrounding community development activities. As such, the City has taken several steps to ensure continued meaningful engagement with refugee/ethnic communities, minority communities, persons with disabilities, and low income populations.

In 2006, the City Commission created the Fargo Native American Commission (NAC). The NAC’s mission is to work together to strengthen the Native American community in order to promote understanding, recognition and respect for Native American cultures and enrich the whole community. In addition, the Fargo Human Relations Commission (HRC) is advisory to the City Commission and has a stated mission to promote acceptance and respect for diversity and discourage all forms of discrimination. The Planning Department is responsible for staffing the HRC, which is also the organizational home of community development planning in the City of Fargo. This connection helps further the city’s community development goals and the stated goals of the HRC. The HRC is monitoring fair housing and discrimination issues in the City via research, public forums, a locally available complaint reporting process, and regular opportunities for public comment on issues of discrimination and fair housing.

The City’s continued support of both Cultural Diversity Resources and CHARISM also displays a commitment to conducting meaningful outreach to the communities that are most likely to become disenfranchised and/or have their voices go unheard. Each organization has developed ongoing relationships with low income and refugee communities. They serve as trusted “connections” to under-represented communities and help ensure that the city’s community development programs are designed to meet the needs of the residents of this community.

NEIGHBORHOOD REVITALIZATION EFFORTS

Neighborhood revitalization is a goal that underlies much of Fargo’s community development activity. City staff is particularly mindful of the needs of residents living in low/mod neighborhoods and in older neighborhoods that are beginning to experience symptoms of decline.

POVERTY REDUCTION

There is perhaps no issue that is more complex than poverty reduction. Many of the programs that exist in our community address the immediate needs of families living in poverty and/or in crisis. However, to reduce poverty, one needs to look at the root causes underlying poverty. The most obvious answer to the question “why are people poor” is that they don’t earn enough money to sustain an adequate standard of living. So creating jobs that pay a living wage is an important poverty reduction activity. Likewise, job training and job readiness programs are essential if people are to be prepared to work. The ancillary programs that support low income families who are working include child care, transportation, and health care. Even if working full time, housing subsidies are often still needed to make a family budget work. In the absence of any one of these elements of support, job creation alone will not reduce the number of people living in poverty. There are other organizations in the community whose focus is economic development. As such, the City participates in the funding of several of the service areas needed to support work, including child care (school age and preschool age), job training, and transportation.

LEAD PAINT

Lead paint hazard regulations affect the city’s rehab (owner and renter) and downpayment assistance programs, as well as special needs housing projects funded with federal dollars. The programs have integrated necessary testing procedures at the front and back end of each project as required. City staff continues to search for ways to reduce the costs and time lags associated with lead testing and assessment. We also continue to actively recruit contractors for lead paint training, with the intention of increasing the pool of available contractors who have staff trained in safe work practices.

AFFIRMATIVE MARKETING AND MBEWBE CONTRACTING

Recipients of HOME funds are monitored for compliance with the city’s affirmative marketing policy throughout the periods of affordability. The City also continues to work with small businesses and minority/women owned businesses whenever possible.

CONTINUUM OF CARE

The City of Fargo participates in the statewide Continuum of Care, through the Region V Continuum of Care Committee. All of the projects submitted by North Dakota as part of the 2006 Continuum of Care application received funding. Three of the approved projects were located in Fargo. The following is a list of all Fargo projects that have received funding for McKinney Vento funds in 2006.

- Fargo Housing & Redevelopment Authority – Shelter Plus Care \$188,460
- Share House Inc. – Permanent Supportive Housing \$150,000
- YWCA Cass Clay – Transitional Housing \$441,365

The Fargo Moorhead community also works hard to maintain a well-developed local and metropolitan network of services and resources that are an asset to the entire region and state. There is a high level of interconnectedness between service providers, which means that there is an extensive and broad based knowledge of the local system and community needs. The local emergency shelters are key access points in the system, providing a wide range of services and serving as a source of referrals.

10-YEAR PLAN TO END LONG TERM HOMELESSNESS

As has much of the nation, the City of Fargo has increased the amount of attention paid to the issue of chronic homelessness in the last several years. The City of Fargo participated in the federally-sponsored Policy Academy training process in 2003 and holds a chair on the North Dakota Interagency Council on Homelessness (established in spring 2005). In the fall of 2005, the City Commission agreed to develop a “10-Year Plan to End Long Term Homelessness.” The plan was approved in August 2006. The planning process included representatives from more than 40 organizations from across the metro area and identifies effective solutions for housing the long term homeless population living in this community. (The full plan will be available on the city’s web site as it becomes available: www.cityoffargo.com/homelessness.)

There are 38 specific actions identified in Fargo’s 10 Year Plan as being necessary to ending long term homelessness in our community. In the first year, the following 10 items have been initiated to make this plan a reality:

1. Adopt the 10 Year Plan (Fargo City Commission)
2. Implement the IDDT model at the Southeast Human Service Center
3. Develop a Tenant-Based Rental Assistance program
4. Strengthen potential partnerships with area landlords willing to rent to LTH individuals
5. Initiate Project Homeless Connect (scheduled on August 1 at the Civic Center)
6. Support a drop-in center/safe point of outreach (1519 1 Ave S)
7. Support creation of a Transitional Jobs program
8. Create a local Homelessness Ombudsman through the FM Homeless Coalition
9. Support surveys that provide community-level data on homelessness
10. Humanize the issue of homelessness and establish a mindset that believes in ending homelessness

HOUSING AND REDEVELOPMENT AUTHORITY

The HRA is responsible for managing low-rent public housing and Section 8 rental assistance. They own and manage 600 rental units: 366 one-bedroom units, 140 two-bedroom units, 71 three-bedroom units, and 23 four-bedroom units. The FHRA has approximately 1,100 Section 8 vouchers to serve the community. It also operates a 22 unit SRO project at 69 4th Street North.

FARGO PUBLIC HOUSING AUTHORITY RENTAL SITES

Project	Address	Total Units	Unit Type
Lashkowitz High Rise (14-1)	101 S 2 nd Street	247	Elderly/ Disabled
New Horizons (14-2)	2525 N Broadway	98	Disabled
Pioneer Manor (14-6)	201 11 th Street N	46	Mixed
Scattered Site – Madison (14-3)	7 th -12 th Ave N, 25 th -29 th St N, 21 st St S	110	Family
Scattered Site – 30 th Ave S (14-5)	10 th & 31 st Avenue S	26	Family
Scattered Site – 34 th Ave S (14-7)	34 th Avenue S	40	Family
Scattered Site – 25 th Ave Duplexes (14-4)	18 th Street & 25 th Ave S	28	Family
Dakotah Life	923 University Dr N	3	Family
Brownstone	124 8 th Street N	2	Family
	Total	600	

INSTITUTIONAL GAPS AND ENHANCED COORDINATION

In addition to the community and statewide coordination that is occurring around long term homelessness, the city is also participating in the "Metropolitan Transportation Initiative", which is being coordinated by the Fargo Moorhead Council of Governments and was originally funded with a DOT Reverse Commute/Access to Jobs grant. This effort brings together major social service providers and transportation-focused agencies to address in a coordinated fashion the ongoing transportation needs of low income people. The project hired a coordinator in late 2004 and has made strides in providing coordination to the fragmented system of local transportation assistance. Transportation is often identified by low income residents and by the homeless as being one of the key barriers they face. This effort is the most exciting opportunity our region has had to enhance the level of service and assistance that is available in the community.

Self Evaluation of Annual Performance

CONSISTENCY WITH PERFORMANCE MEASURES

Fargo's investment of federal and local funds is consistent with the city's established goals. To evaluate "successful performance" we need to ask ourselves if our actions are making an impact on identified needs. The City's Consolidated Plan identifies several measures that are intended to help indicate both progress and changes in identified needs. The statistics show continued health in the housing market – Fargo's mortgage approval rates far exceed national rates. Housing prices rose at a higher rate than they have in recent years (7.9%) but, the growth is still modest when compared to many other growing urban areas.

One area of potential concern is in current opportunities for mortgage financing and the sustainability of homeownership. While on the surface it is encouraging to see a 6% increase in mortgage approval rates over the last five years, it is unlikely that Fargo's borrowers became that much more credit worthy in such a short time. It is more likely that changes in residential lending policies (further evidenced by the shift from FHA to Conventional in the last five years) have allowed more borrowers to obtain financing than ever would have been possible before. Today even most mainstream lenders offer "sub-prime" financing products to borrowers with less-than-perfect credit. While expanded access to capital is essential for families to build wealth through homeownership, it can also be a slippery slope that leads to personal economic hardship if boundaries are pushed too far.

It may be wise to expand efforts to promote financial literacy amongst city mortgagees as well as others in the community.

In addition to objective measures of outputs and outcomes, the City's Consolidated Plan also recognizes that subjective inputs are necessary to create a true portrait of change. While there is not yet a citizen survey that can measure neighborhood perceptions, the community's decision makers have continued to demonstrate both a commitment to and an understanding of community development activities and goals.

The Housing Authority Board continues to be proactive in its efforts to increase the supply of affordable housing in the community. The Native American Commission and Human Relations Commission are diligent in its outreach and research efforts relating to both discrimination and fair housing issues. The Community Development Committee evaluates projects with the priorities of the Consolidated Plan in mind, helping to create a community development program that is responsive to community needs.

GRANT MANAGEMENT

In addition to monitoring the efficacy of the programs that are funded with CDBG and HOME dollars, city staff is also mindful of the need to evaluate our grant management performance. The city draws funds from HUD/DCS on a reimbursement basis. We complete a monthly draw request based on funding requests received, verified and paid out during the previous month. We keep spreadsheets that detail spending progress for both the HOME and CDBG programs. One of the CDBG reports that is run following every draw is the timeliness report.

Sub-recipient monitoring is an ongoing process for us as well. Each recipient agreement outlines expected outcomes and minimum monitoring requirements. All low/mod activities submit quarterly benefit reports to our office. Those statistics are entered in to IDIS as narrative throughout the year. The quarterly benefit reporting gives city staff an opportunity to work with projects that may be having difficulty meeting their objectives before they get too far into their project. We also facilitate annual rental compliance certifications for DCS HOME-funded rental rehab projects (DCS is the final review for these projects) and conduct our own annual compliance reviews for projects funded with the HOME funds we receive directly as a PJ. The city has established a regular monitoring schedule for all HOME and CDBG funded rental projects.

All of the activities that list low-mod clientele as the appropriate benefit require the project applicant to submit benefit information to the city on a quarterly basis. Each recipient agreement outlines the required benefit parameters. The information is entered in to IDIS on a quarterly basis.

None of the activities currently underway or those funded with 2006 grant funds are behind schedule to any significant degree. The Community Development Committee is tracking the expenditure of downpayment funds to ensure continued compliance with HOME commitment requirements and to ensure continued program effectiveness. As a general rule, the City works with projects that stall to either help the project move ahead or to re-allocate funds to another activity that is more ready to proceed in a timely manner.

Multi-Year Certification - CDBG

Fargo has adopted the three-year certification option. The current certification period includes the 2005, 2006 and 2007 program years. As such, the spending reported in the 2006 CAPER is the spending for the first year of the three-year period.

The following tables provide a summary of the multi-year spending outlook. The denominators for each calculation are listed below (prior year program income and current year grant and program income). The 2006 calculation indicates that 73 percent of spending subject to calculation was targeted to LMI benefit activities. Slum/Blight spending accounted for 14 percent of spending. We are currently on track with the cumulative three-year low/mod requirement of 70%.⁷

			2005-2007 Multi Year Calculation	
Prior Yr	Program Income	\$271,442.69	2005 Cumulative	\$585,774.46
Current Yr	Grant	\$706,516.00	2006 Cumulative	\$746,886.78
Current Yr	Program Income	\$249,012.24	2007 Cumulative	
			<hr/>	
			Total Cumulative	\$1,332,661.24
			<hr/>	
			2005 Cumulative	\$497,557.61
			2006 Cumulative	\$472,133.38
			2007 Cumulative	
			<hr/>	
			Total LMI Benefit	\$969,690.99
			<hr/>	
			Cumulative % LMI Benefit	73%

2005 Calculation	
% Benefit LMI	63.2%
% Benefit SBA	36.8%
% Public Svc	14.2%
% Admin	16.6%

⁷ For more detailed information on actual spending by category (LMI, SB, PS, Admin, etc), you can refer to the Administrative Requirements section (found on page 4) or the "Activity Summary" referenced in Appendix B.

Appendix A: Public Participation

The City of Fargo published the notice below as a public notice on July 30, 2007 to request public comments on this report. Public comments were due on August 14. There were ... public comments were received. The report was submitted to the Planning Commission, Community Development Committee and City Commission, as per the Public Participation Plan.

PUBLIC NOTICE

The public comment period for reviewing the City of Fargo 2006 Annual Performance Report for the Consolidated Plan for Housing and Community Development will be held from July 30, 2007 to August 14, 2007. A copy of the report, along with any current public comments, will be available to the public at the Fargo Planning Department, 2nd Floor City Hall, 200 North 3rd Street, Fargo, ND or by calling 241-1474. TDD 241-8258.

Appendix B: 2006 Financial Report – CDBG

**** Activity Summary with Benefit Cap calculations available upon request (City)**

**** The following Year-end summary Reports are available upon request (IDIS)**

PR03 - Activity Summary

PR06 - Summary of Consolidated Plan Projects

PR10 - CDBG Housing Activities

PR23 - Summary of Accomplishments

PR26 - CDBG Financial Summary (summary on page 30 of the 2005 CAPER)

PR22 – Status of HOME activities

PR25 – Status of CHDO funds

PR27 – Status of HOME grants

FY2006 CDBG Financial Summary

		Totals
PART 1: Summary of CDBG resources during this reporting period		
2005 GPR Balance (4-30-06)		\$
2006 Entitlement Grant		789,140.00
Loan Repayments	\$ 178,032.07	
Housing Rehab Repayments	\$ -	
Revolving Loan Funds	\$ -	
Miscellaneous	\$ 69,271.54	
Total Program Income		\$ 247,303.61
Total CDBG funds available - 2006		\$ 1,036,443.61
PART 2: Expenditures during this Reporting Period		
Planning and Administration	\$ 148,040.38	
Subject to Low/Mod Benefit Calculation	\$ 580,749.14	
Total Expenditures - 2006		\$ 728,789.52
Unexpended Balance - 4-30-07		\$ 307,654.09
PART 3: Overall Benefit to Low/Mod Persons during this Reporting Period		
Subject to Low/Mod Benefit Calculation		\$ 580,749.14
Total Expenditures qualifying as benefitting low/mod persons		\$ 295,944.39
% Benefit to Low/Mod Persons	51.0%	
PART 5: Public Service Cap Calculation		
Total Expenditures for Public Svc activities		\$ 105,941.31
2005 Program Income	\$ 271,442.69	
2006 Entitlement Grant	\$ 789,140.00	
% Funds obligated for Public Svc activities	10.0%	
PART 6: Planning and Program Administration Cap calculation		
Amount subject to planning/admin cap		\$ 1,036,443.61

Amount expended for planning/admin		\$	148,040.38
% expended for Planning/Admin	14.3%		

Reconciliation of Line of Credit and Cash Balances to Unexpended Balance of CDBG funds shown on GPR

Unexpended Balance – 4-30-07			
LOC Balance - 4-30-06		\$	-
		\$	
CDBG Funds that became available in 2006			1,036,443.61
		\$	
Funds spent in 2006 PY			728,789.52
		\$	
Reconciling Balance			307,654.09
		\$	
Unreconciled Difference			307,654.09