



Office of the City Manager

**TO: Honorable Mayor and Members of the City Council**

**FROM: Patrick Urich, City Manager**

**DATE: May 6, 2011**

**SUBJECT: Issues Update**

The following are issues related to the City for the weekly Issues Update. If there are additional items you believe should be included, please let me know.

**2011 FUNDING ALLOCATION FROM HUD.** On an annual basis, the City of Peoria receives federal grant funding through HUD. These funds; Community Development Block Grant (CDBG), HOME Investment Partnership Act (HOME), and Emergency Shelter Grant (ESG) form the backbone of community development programming in Peoria.

The 2011 preliminary allocation amounts were released last week by HUD. If the actual allocation matches the preliminary figures, the City will see a reduction from the 2010 allocation of approximately \$350,000 in CDBG funds; a reduction of approximately \$100,000 in HOME funds; and an increase of approximately \$30,000 in ESG funds.

The 2011 preliminary allocations are: \$1,743,928 for CDBG; \$796,469 for HOME and; \$118,072 for ESG.

The administration is reviewing options to bridge the gap between the 2011-budgeted amount and the 2011 actual amount, including the use of recaptured and currently unallocated funds, and the possibility of a mid-year budget correction related specifically for these federal funds.

Although it is difficult to predict a specific funding level from HUD for the 2012 budget year, with the backdrop of the overall federal budget situation, it can be implied that further reductions would be probable. As such, a discussion of the structural issues facing these funds and the funding mechanism for the community development function will be included in the overall 2012 budget discussion.

**NATIONAL DOOR KNOCKER AWARD.** The HOME Investment Partnership Program (HOME) is the largest Federal block grant designed exclusively to create affordable housing for low-income households. Each year HUD allocated nearly \$2 billion among the states and hundreds of localities nationwide. In the past 20 years, more than \$24.8 billion of HOME funds has been committed to affordable housing projects. In February 2011, the one-millionth HOME-assisted unit was completed.

The City of Peoria receives approximately \$900,000 in HOME funds on an annual basis from HUD. Over the past 20 years, the City has received a total of \$16,741,355 in HOME funds.

In recognition of the million-plus HOME-assisted units created to date and in concert with the 20<sup>th</sup> anniversary of the HOME Program, HUD accepted applications for National Door Knocker Awards. The Door Knocker Awards were to be distributed to HOME funded projects throughout the nation that best symbolize the achievements of the HOME program.

The City of Peoria submitted an award application for consideration related to the New Hope Apartments project in downtown Peoria. The City provided \$700,000 in HOME funds in 2006 to assist in the redevelopment of the old YWCA building in downtown Peoria into a 79-unit permanent supportive housing facility for single, disabled, and homeless adults. City Planning Department, Inspections Department, and Fire Department personnel monitored the project for regulatory compliance, workmanship, and code compliance.

Last week, HUD announced fourteen winning applications. Although Peoria was not selected as one of the fourteen, we were selected for an Honorable Mention in the Reaching Underserved Populations category along with projects in Seattle and Wichita.

The recognition achieved through this national award is indicative of the quality of community development work that occurs every day in Peoria through partnerships between the City and numerous community partners.

**ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT UPDATE.** This week, the City received approval from the US Department of Energy to amend its Energy Efficiency and Conservation Block Grant (EECBG) to add additional facilities to be upgraded. The addition of three re-lamping projects at Fire Station 8, the Riverfront Village parking area, and the Twin Towers offices, was possible because of savings in the original eight projects. Those first eight projects will be completed soon. The three new projects should begin in early summer. The City Council approved making the amendment request at its March 8, 2011. Staff has begun measuring savings from completed energy projects. While enough time needs to elapse to establish a pattern of savings (as opposed to savings caused by some other variable), staff is beginning to see a measurable difference in energy consumption and related cost. The Public Works Dries Lane facility was completely re-lamped by January of this year. When measuring the first three months of 2011 against the same period of 2010, the difference in electricity usage is apparent:

Month	KWh			Cost		
	2010	2011	Difference	2010	2011	Difference
January	45,797	34,277	11,520	\$ 4,486.83	\$ 3,026.44	\$ 1,460.39
February	52,312	30,808	21,504	\$ 4,961.92	\$ 2,729.27	\$ 2,232.65
March	48,080	29,264	18,816	\$ 4,589.09	\$ 2,585.40 <sup>1</sup>	\$ 2,003.69
<b>Totals</b>	<b>146,189</b>	<b>94,349</b>	<b>51,840</b>	<b>\$ 14,037.84</b>	<b>\$ 8,341.11</b>	<b>\$ 5,696.73</b>

As more projects are completed and patterns can be established, staff will update these numbers and provide a full report to the City Council.

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March 2011 SEMPRA bill (supply) not available. Cost based on actual Ameren distribution cost and SEMPRA cost of KWh used multiplied by \$.0714 (the average per KWh price of the last 14 months).

**UPDATED FORECLOSURE DATA.** The Local Initiatives Supports Corporation (LISC), a national community development organization, recently released foreclosure data for metropolitan areas in the United States. This data is from December 2010.

The Peoria MSA (Peoria, Tazewell, Woodford, Stark, & Marshall Counties) has the 72<sup>nd</sup> highest foreclosure rate out of 366 MSA's; with a rate of 6.4% (MSA national average is 5.0%) However, the Peoria MSA area is ranked 27<sup>th</sup> highest in subprime foreclosure rate, with a rate of 27.4% (MSA national average is 19.5%).

For the purpose of this study, LISC used the following definitions to separate subprime from prime mortgages.

Prime Foreclosure Rate	Percent of all prime mortgages in the foreclosure inventory in the reference month. Prime mortgages are those that are Grade A, not a government product or government-insured, and either with 1) credit scores over 720 or 2) credit scores are from 680-719 with full documentation.
Subprime Foreclosure Rate	Percent of all subprime mortgages in the foreclosure inventory in the reference month. Subprime mortgages are those that a servicer coded as subprime or loans made to borrowers with FICO scores below 620 who did not receive a government, Fannie Mae or Freddie Mac loan.

This data matches closely with the earlier foreclosure data for Peoria that was released by the US Department of Housing & Urban Development. This earlier data indicated a significant concentration of subprime loans across the East and West Bluff. Subsequent foreclosure data provided by Peoria County indicated that as projected, the areas with the highest concentration of subprime loans were the areas with the highest concentration of foreclosures.

This most recent data would seem to indicate that much of the prime mortgage market in the Peoria Metro area has stabilized. However, with a foreclosure rate of 27.4% for subprime loans, significant weakness continues to exist in the neighborhoods where these loans are concentrated. In weak market areas, the value of real estate is depressed by the volume of foreclosure or short sales carried out by lenders as property owners are generally unable to sell their properties at full value as comparable properties are being sold at a discount.

For reference, the highest overall foreclosure rate in the nation is the Miami MSA at 18.2%. The highest subprime foreclosure rate is in Palm Coast, FL MSA at 44.3% The lowest overall is College Station, TX at 1.0% with the lowest subprime rate in Midland, TX & Odessa, TX at 7.1% Thirteen of the highest 15 foreclosure locations are in Florida (Las Vegas, NV, and Vineland, NJ are the other two).

**FORREST HILL COMMUNITY GARDEN KICK OFF – MAY 7, 2011.** The public is invited to the 2<sup>nd</sup> Annual Kick off of the Forrest Hill Organic Community Garden at 9 a.m., Saturday, May 7, 2011, at the Forrest Hill United Methodist Church, 706 E. Forrest Hill Avenue, in Peoria (3<sup>rd</sup> District). Since its inception in May 2010, an explosion in volunteers resulted in the development of 50 individual garden beds which have been reserved by residents to grow a variety of food. Garden beds are available to neighborhood residents, schools, and not-for-profit organizations. All garden beds have been reserved. This year many volunteers, including a Boy Scout troop, prepared the garden beds, installed a rain collection tarp, and built compose pens from chicken wire and wooden pallets. For information about available garden beds,

contact Rev. Curt Keller, at 353-5792. Garden history: In March 2010, the City convened a meeting of residents who expressed interest in developing community gardens. Rev. Keller offered the land located behind the church for development into a garden. The property had never supported any houses or other structures, and soil test results indicated the land was appropriate for gardening. The garden project is developed by volunteers' donations of labor, time, tools, and money. The Public Works Department has provided mulch for paths and rows between gardens. The purpose of the community garden is to offer residents, organizations, and schools, the opportunity to grow their own food, and to teach children how to use the Earth to grow food using the principles of organic gardening.

**EMERGENCY COMMUNICATIONS CENTER APRIL 2011 REPORT.** Included in this week's Issues Update is the Emergency Communication Center (ECC) April 2011 Report for your review. **(Electronic Copy Only)**