

FINAL

**REDEVELOPMENT AUTHORITY OF THE COUNTY OF MONROE
OPERATIONS PLAN**

2023-2027

October 2022

Redevelopment Authority of the County of Monroe Operations Plan

I. Introduction

In April 2017 a Strategic Plan was approved by the Board of Directors of the Redevelopment Authority of the County of Monroe (Authority). This Plan was updated in the summer of 2022 to reflect changing external conditions such as the pandemic and a volatile housing market that has pushed prices by 150% since 2015. The updated Strategic Plan for 2023-2027 retains the Strategic Directions referenced in the 2017 but revisits goals that reflect these changing external conditions. While the mission statement remained the same in the updated Strategic Plan, the Vision Statement was refined: *The Vision of the Redevelopment Authority of the County of Monroe is to be a trusted partner in fostering a vibrant, prosperous and growing community for all in Monroe County.*

This shared vision, of what the Authority can be in the future and how it can continue to add value to Monroe County communities, is fully discussed in the Strategic Plan. The Strategic Plan establishes a foundation upon which future success will be realized and sets the stage for the development of this Operations Plan that describes specific actions or implementation steps to accomplish the work of the Authority going forward.

Strategic Directions that are referenced in the 2022 Strategic Plan include:

Strategic Direction #1: Continue Current Initiatives Related to Community Development in Monroe County with the Goal of Diversifying Funding Sources, Generating More Administrative Revenue, and Expanding Staff Capacity

Strategic Direction #2: Ratchet-Up Efforts to Address Disinvestment in Monroe County Communities

Strategic Direction #3: Gain Greater Visibility in the Community Through its Good Work

This Operations Plan references these Strategic Directions and related goals that the Authority should pursue to continue to succeed.

II. Strategic Direction, Goals and Tasks

A. Strategic Direction: Continue Current Initiatives Related to Community Development in Monroe County with the Goal of Diversifying Funding Sources, Generating More Administrative Revenue, and Expanding Staff Capacity

Goal #1: Sustain and Explore Additional Financial Resources as Pandemic Funding Programs End

The Authority is accomplishing good work but as pandemic program funding subsides, it will be necessary to sustain current funding levels to continue to meet the needs of the beneficiaries of the Authority's Community Development and Weatherization Program activities. The activities related to this goal are referenced in the chart on the next page:

Owner-Occupied Housing Rehabilitation Activities	2023	2024	2025	2026	2027
<u>Task 1:</u> Seek funding through the New DCED Whole House Renovation Program	X	X			
<u>Task 2:</u> Seek additional PHARE funds through PA Housing Finance Agency		X		X	
<u>Task 3:</u> Utilize the USDA 504 Program	X	X	X	X	X
<u>Task 4:</u> Seek funding through Act 137 to leverage other funds and to funds administrative costs not covered by new grants	X	X	X	X	X
Accessibility and Weatherization Activities	2023	2024	2025	2026	2027
<u>Task 1:</u> Expend new funds through the Weatherization-BIL Program	X		X		X
<u>Task 2:</u> Seek funding from local foundations	X	X	X	X	X
<u>Task 3:</u> Seek contributions from private firms in exchange for state tax credits through the PA DCED Neighborhood Assistance Program		X		X	
Infrastructure Activities	2023	2024	2025	2026	2027
<u>Task 1:</u> Leverage existing sources such as CDBG to pursue state and federal grants such as PA DCED Keystone Communities Program, Growing Greener II Program, Multi-Modal Transportation Fund, PA Infrastructure Bank, and Federal Infrastructure Bill	X	X	X	X	X

Expanding funding for the owner- occupied housing rehabilitation activity. This activity is currently funded with CDBG funds through the County, Act 137 funding through the County, and USDA funds through a Housing Preservation Grant Program. Over 160 households are on the waiting list for these programs and additional resources are needed to whittle this waiting list down. Fortunately, several funding sources are available to supplement current funding for this activity. They include:

PHARE RTT:

PHARE RTT (PA Housing Affordability and Rehabilitation Enhancement Program-Real Estate Transfer Tax) is part of the Commonwealth's Affordable Housing Trust Fund that was established in 2010. The funding for this particular program is derived from an increase in the state's real estate transfer tax. An incremental increase in this tax was approved by the legislature and can generate up to \$40 million each year for affordable housing initiatives state-wide. One of the eligible activities of PHARE RTT is owner-occupied housing. The Authority has applied successfully for this funding in the past and should continue to seek this funding. While 30% of the funding must benefit households with incomes no higher than 50% of the area median income, the balance of the funds may be used to assist households up to 200% of the area median income. This program allows for a 5% administrative fee plus rehabilitation delivery costs. Funding rounds are usually scheduled for the fall of each year.

DCED Whole Home Repair Program

This program is new and is funded through one-time federal stimulus funding of \$125 million. The funding may be used for home repairs and weatherization. Grants up to \$50,000 per household are available to income eligible households up to 60% of the Area Median Income. Funding may also be used for workforce development to develop apprentice and training programs for construction activities. PA DCED will designate one agency in each county to distribute these funds. The Authority should seek the County Commissioners support to be the designated agency for this program.

USDA 504 Program:

The Authority currently taps into the USDA Preservation Grant Program, but these funds are very limited. Another option under the USDA is a loan/grant program known as Section 504. The program provides loans up to \$20,000 in loans and \$7,500 in grants for households with incomes up to 50% of the area median income. The grant program is available to seniors (62+) who do not have the ability to amortize debt. The grant funds must be used to address health and safety hazards. While a loan program may not be suitable for households on fixed incomes, it can work well for younger households that have sources of income such as salaries and wages. The interest rate on the loan is 1% and is paid back in 20 years. The USDA 504 Program does not provide any administrative revenue; households are qualified for the program through the USDA.

Act 137 Funding:

While the County has provided Act 137 funding for the rehabilitation of properties and for other purposes, the Authority should consider seeking additional Act 137 funds through the County to cover costs associated with the administration and delivery of the PHARE RTT, the new DCED Whole Home Program, and USDA 504 funds as these sources provide little or no money for these costs.

Expanding funding for accessibility improvements and weatherization activities. More than 550 households are on the waiting list for the Authority's weatherization program. The sources of funds for weatherization activities are the US Department of Energy (DOE) and LIHEAP Program; however, both sources of funding have declined in recent years while the need for this program has increased. Funding through the American Recovery Act has been helpful in this regard but this funding will be exhausted in the near future. The 2022 Federal Infrastructure Act provides additional funding for weatherization which is helpful but consideration should be given to increasing funding for this activity given the size of the waiting list.

PA DCED Whole House Rehabilitation Program

As indicated above, this program can also be used to fund weatherization activities.

Foundations:

Depending on local priorities, foundations may have an interest in providing funding for accessibility improvements for persons with disabilities and weatherization work for lower income households. Frequently these grants can serve as the match for a state grant through a program such as Keystone Communities, which makes the application for state funds more competitive. The Authority should identify local foundations that may have an interest in this activity.

Corporate Contributions:

Corporate giving from companies doing business in Monroe County, including banks, can be a source of funding for accessibility improvements as well as weatherization activities. While companies may contribute funds without being incentivized, the Neighborhood Assistance Act, a state program through PA DCED, provides a state credit against the state corporate net income tax for the business. This credit is typically 55% of the contribution. The balance of the contribution qualifies as a charitable deduction so the net cost to the company is usually quite low (sometimes as low as \$.20 on the dollar). PA DCED usually invites applications for this program in early summer.

Expanding existing funding to assist communities in undertaking a variety of infrastructure activities. Stroudsburg and East Stroudsburg Boroughs budget CDBG funds for infrastructure upgrades. If additional sources of funds can be obtained for housing rehabilitation activities, more CDBG funds could be carved out for community infrastructure work such as roads, water system improvements, and parks. CDBG regulations can be problematic in using the funds for this purpose because CDBG requires that the primary purpose of an activity (with the exception of addressing blight) benefit low- and moderate-income households. However, it may be possible to qualify local projects based on a survey of residents' income. An example of this is a neighborhood street serving a low- or moderate-income area. Local Share funds may also be budgeted for infrastructure improvements. Sources of new funding that the Authority may seek for community infrastructure improvements through the Commonwealth of PA include

Keystone Communities, Growing Greener II, Multi-Model Transportation Funds and the PA Infrastructure Bank.

Typically, these new funding sources do not provide any funds for the administration of these grants. One exception is the Keystone Communities Program that does provide a 10% administrative fee for infrastructure projects. The Authority should consider marketing its grant application and administration services to municipalities. While municipalities may have to pay for these services from local funds and if the Authority is successful in applying for the funds, most municipalities should be agreeable to paying a modest administrative fee to compensate the Authority for applying for the funds and administering the funds.

Goal #2: Work with Partner Agencies to Address the Supply of Construction Workers and Qualified Contractors

As indicated in the 2022 Strategic Plan, the Authority will want to partner with area workforce development organizations to develop programs that will address the need for more skilled and unskilled labor. These initiatives could include apprenticeship programs, work-study programs through area community colleges and local technical schools. In addition, the Authority will want to extend its reach for contractors outside of its service area to attract new contractors who may not have as much work. Finally, the Authority will want to partner with economic development organizations to develop programs to provide financing for start-ups or expansion of residential construction firms.

Partner with Other Organizations to Expand the Supply of Skilled and Unskilled Labor for Construction Activities	2023	2024	2025	2026	2027
<u>Task 1:</u> Convene meeting of partner organizations including representatives of the Workforce Investment Board to develop comprehensive strategies to address problem	X				
<u>Task 2:</u> Seek DCED Whole House Rehabilitation Program to develop model apprenticeship and training programs	X	X			
Extend Contractor Outreach Programs	2023	2024	2025	2026	2027
<u>Task 1:</u> Develop outreach initiative to contractors not currently participating in the Authority's community development activities	X	X	X	X	X
Work with PMEDC to develop loan programs for small contractor construction start-ups or expansions	2023	2024	2025	2026	2027
<u>Task 1:</u> Meet with PMEDC to learn more about current funding for business start-ups/expansions	X				
<u>Task 2:</u> Consider development of targeted financing program for construction start-ups or expansions if needed		X			

Goal #3: Maintain Qualified Leadership within the Organization Through Effective and Efficient Business Practices

As indicated in the Strategic Plan, the Authority Board will want to work with the Executive Director to develop a Succession Plan that will cultivate new leadership within the organization and bring new leadership into the organization. This plan could also include ramping up staff training, promoting professional growth to provide them with more responsibility, and perhaps give added consideration to new hires that show leadership potential.

Development of a Succession Plan	2023	2024	2025	2026	2027
<u>Task 1:</u> Engage consultant to prepare plan	X				
<u>Task 2:</u> Implement elements of a Succession Plan		X			

B. Strategic Direction: Ratchet-up Efforts to Address Disinvestment in Monroe County

Since the 2017 Strategic Plan, the Authority has taken several important steps with regard to this strategic direction including working with County Commissioners to form a Land Bank to acquire and repurpose blighted and tax delinquent properties, hiring a full-time Land Bank Administrator, securing PHARE RTT funds for Land Bank activities and administering the County Demolition Fund which was established in 2019. The Authority is uniquely positioned to address the issue of blighted properties and disinvestment in the county because of its powers under the PA Urban Redevelopment Law. The Authority should continue to be one of the leading organizations in working with the communities to stem blight and disinvestment that results from deteriorating housing and commercial market conditions.¹

Goal #1 The Authority should be more proactive in identifying blighted properties

	2023	2024	2025	2026	2027
<u>Task 1:</u> Continue to partner with the County Planning Commission to complete a blighted property analysis	X				
<u>Task 2:</u> Working with Planning Commission these properties should be mapped to focus efforts and to achieve maximum impact		X			

¹ The 2017 Strategic Plan referenced a number of goals related to this Strategic Direction that may still merit consideration by the Board. They include developing a program to encourage lenders to donate real estate-owned properties to the Authority, assessing the feasibility of forming a non-profit subsidy corporation to do fundraising and pursue housing/community development projects, seeking to partner with the Housing Authority and PMEDC to repurpose vacant, blighted properties for productive uses, and serving as the issuer of tax-free financing for non-profits for building projects.

Goal #2: The Authority should be more Proactive in Engaging Developers to Undertake Larger Projects

As indicated in the Strategic Plan, larger projects can have a more measurable impact on affordable housing and economic development needs.

	2023	2024	2025	2026	2027
Task 1: Partner with Planning Commission in publishing a Housing Developer Producer Guide	X				
Task 2: Partner with PMEDC to publish a companion Economic Developer Producer Guide		X			

Goal #3: Confer with potential program partners to reach consensus on the role of each organization in meeting the goals stated in the Affordable Housing Update

An Affordable Housing Update is currently being prepared by a consultant to evaluate housing needs post-pandemic and to develop action steps for addressing these needs. This document should guide the efforts of the Authority and others in meeting affordable housing and workforce development housing needs going forward.

	2023	2024	2025	2026	2027
Task 1: Convene working committee meets on a quarterly basis to assess progress in meeting goals	X	X	X	X	X

Strategic Direction 3: Gain Visibility in the County

One of the weaknesses identified by the Authority Board in the Strategic Plan is the lack of a communications plan including a website. The implications of this are that the Authority will have greater difficulty in engaging municipalities and other stakeholders in its work. A communication plan will make the strengths of the Authority more evident in that, presumably such a plan, would focus on the Authority's considerable accomplishments and reenforce the Authority's reputation as a valued and trusted partner.

	2023	2024	2025	2026	2027
Task 1: Contact ESU to see if they could assist the Authority in developing a communications plan	X				
Task 2: Contract with website developer to assist in creating website and content for the website	X				

III. CURRENT ORGANIZATION INFORMATION

A. Current Administrative Revenue

Estimated Administrative Revenue for 2023 includes:

CDBG Programs	Total
County CDBG	\$ 76,464.00
ES CDBG	\$ 27,662.00
ST CDBG	\$ 19,847.00
CDBG Del Fee	\$ 37,116.00
Subtotal CDBG	\$ 161,089.00
Weatherization Programs	
DOE Weatherization-Regular	\$ 19,694.00
DOE Weatherization-BIL (1st Year)	\$ 20,813.00
LIHEAP	\$ 36,439.00
Subtotal Weatherization	\$ 76,946.00
Miscellaneous Programs	
2021 PHARE Program	\$ 4,000.00
2022 PHARE Program	\$ 15,000.00
2021 USDA RDS Program	\$ 30,715.00
MC Land Banl	\$ 12,000.00
Act 137 Program	\$ 35,260.00
MC Demolition Fund	\$ 12,000.00
Delivery Fee-Miscellaneous	\$ 37,116.00
County Allocations	\$ 81,058.00
Total Miscellaneous	\$ 227,149.00
Total Revenue	\$ 465,184.00

It should be noted that none of the above funding is from pandemic-related programs that will gradually be phased out.

B. Projected Administrative Budget 2023-2027

The following budget projection assumes: (1) program revenue from existing funding sources remains stable and no new revenue sources are pursued; (2) no new administrative positions are added; and (3) increases in expenses are modest (3% per year for salaries and fringes/2% for all other expenses).

Administrative Expenses	2023	2024	2025	2026	2027
Line Item					
Salaries and Fringes	\$ 339,784.00	\$ 349,977.52	\$ 360,476.85	\$ 371,291.15	\$ 382,429.89
Travel/Mileage	\$ 2,000.00	\$ 2,040.00	\$ 2,080.80	\$ 2,122.42	\$ 2,164.86
Company Auto Expense	\$ 10,000.00				
Telephone/Internet	\$ 5,500.00	\$ 11,550.00	\$ 11,781.00	\$ 12,016.62	\$ 12,256.95
Office Supplies	\$ 3,000.00	\$ 3,060.00	\$ 3,121.20	\$ 3,183.62	\$ 3,247.30
Copier and Computer Expenses	\$ 4,200.00				
Professional Services	\$ 42,000.00	\$ 42,840.00	\$ 43,696.80	\$ 44,570.74	\$ 45,462.15
Insurance/Bonding	\$ 25,000.00	\$ 25,500.00	\$ 26,010.00	\$ 26,530.20	\$ 27,060.80
Pension Contributions	\$ 16,200.00	\$ 16,524.00	\$ 16,854.48	\$ 17,191.57	\$ 17,535.40
Subscriptions/Dues/Meetings	\$ 2,500.00	\$ 2,550.00	\$ 2,601.00	\$ 2,653.02	\$ 2,706.08
Operating Expenses	\$ 10,000.00	\$ 10,200.00	\$ 10,404.00	\$ 10,612.08	\$ 10,824.32
Contingency	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
Total Administrative Expenses	\$ 465,184.00	\$ 469,241.52	\$ 482,026.13	\$ 495,171.42	\$ 508,687.76

C. Current staffing plan

The staff of the Authority includes nine full-time employees. Positions include:

Executive Director

Accounting Technician

Community Development Division

Office Assistant-Senior
Rehabilitation Specialist

Weatherization Division

Weatherization Auditor
Administrative Coordinator
Office Assistant
Retrofit Installer Technician

Land Bank Division

Land Bank Administrator

IV. PROPOSED ORGANIZATIONAL INFORMATION

A. Proposed administrative funding

Based on the discussion in Section II (Strategic Directions, Goals and Objectives), a number of new funding sources *may* materialize for administrative and program revenues. These include a new PA DCED program, Whole Home Repair, continued funding from PHARE and enhanced funds from the Land Bank as operations expand and more properties are acquired and sold.

B. Five- year budget projections (2023-2027)

A summary of the current sources and possible new sources of revenue follows:

Year	Current Sources	New Sources	Total
2023	\$465,190	\$0	\$465,190
2024	\$465,190	\$40,000	\$505,190
2025	\$465,190	\$40,000	\$505,190
2026	\$465,190	\$35,000	\$500,190
2027	\$465,190	\$45,000	\$520,590

C. Summary of New or Enhanced Administrative Revenues Sources by Year

Year	Estimated New Administrative Sources/ Enhanced Revenue from Existing Sources	Amount
2023	None	
2024	PHARE	\$10,000
	Whole Home Repair Program	\$20,000
	Land Bank	\$10,000
Subtotal 2024		\$40,000

Year	Estimated New Administrative Sources/ Enhanced Revenue from Existing Sources	Amount
2025	Whole Home repair Program	\$20,000
	Land Bank	\$10,000
	Issuance Fee-Tax Free Loans	\$10,000
Subtotal 2025		\$40,000

Year	Estimated New Administrative Sources/ Enhanced Revenue from Existing Sources	Amount
2026	PHARE	\$10,000
	Land Bank	\$15,000
	Issuance Fee-Tax Free Loans	\$10,000
Subtotal 2026		\$35,000

Year	Estimated New Administrative Sources/ Enhanced Revenue from Existing Sources	Amount
2027	Act 137	\$15,000
	Land Bank	\$20,000
	Issuance Fee-Tax Free Loans	\$10,000
Subtotal 2027		\$45,000

D. Proposed organizational staffing plan based on funding assumptions

The enhanced or new administrative revenue is sufficient to maintain the current staff at nine positions but it is not expected that there will be sufficient revenue to increase staff during the next five years.

V. CHALLENGES TO IMPLEMENTATION OF OPERATIONS PLAN

A. Internal Communication

It should be emphasized that this Operations Plan is not carved in stone and is based on many assumptions. It should be updated on a regular basis to reflect changing conditions that could result in more or less program and administrative revenue. Staff and Board need to realize that this document is a *plan*, not a foregone conclusion.

B. External Communication

This document is akin to a business plan for the organization. A summary of the document could be shared with external parties including the media but it is not advisable to share details of the plan with external parties as it contains many assumptions that may not materialize.

C. Cultivating Partnerships

The key to the successful realization of the elements of this plan will be strengthening relationships with new funders, possible organization partners, and media. This point emphasizes that community development work is process-oriented and requires patience and perseverance.

VI. CONCLUSION

The Authority is in a position to successfully meet the goals described in this plan. It is an accomplished grant writing and grant administrator organization but one of the threats to its existence is declining funding from traditional sources at the state and federal level and the gradual phase-out of pandemic stimulus funding. The Authority staff is experienced, there is strong leadership at the staff and board level, and a good working relationship with the County and its various agencies.