



**2027 ANNUAL ACTION PLAN
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

ROCHESTER, MN

**Submitted to HUD:
Approved:**

Annual Action Plan
2027

1

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AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

As a recipient of federal grant funds, the City of Rochester is required to submit a Consolidated Plan every five years and an Annual Action Plan every year. The Annual Action Plan also serves as the application for funding for the Community Development Block Grant (CDBG) federal entitlement program that serves low-income individuals and families.

The purpose of the Consolidated Plan and Annual Action Plan is:

- To identify the city's housing and community development needs, priorities, goals and strategies;
- To stipulate how funds will be allocated to area housing and community development nonprofit organizations and governmental units.

The 2027 Annual Action Plan is year three of the 2025-2029 Five Year Consolidated Plan.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The following objectives and outcomes are proposed for the 2027 Annual Action Plan:

<u>Objective</u>	<u>Allocation</u>
Affordable Housing	\$482,500
Public Services Activities	\$97,500
Administration Activities	\$145,000

The objective of performance is to provide safe, decent and affordable housing by preserving the existing housing stock and developing opportunities for the addition of affordable rental and homeownership units. This will assist in revitalizing residential neighborhoods of desirable quality and stability, by representing Rochester's citizens in terms of race, income group, and household type.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

Summary of Past Performance of the 2025-2029- Strategic Plan. As reported in the 2026 CAPER.

<u>Activity</u>	<u>Individuals Served</u>
Affordable	36 housing units
Public Facilities	14,315 person assisted
Public Service	1,373 persons assisted

During this past year, the City of Rochester has met their goals by utilizing CDBG funds for projects addressing housing needs (rental and owner occupied).

4. Summary of Citizen Participation Process and consultation process

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Citizen input is important to solicit throughout the development of the Annual Action Plan for the City of Rochester. As such the City of Rochester adopted a Citizen's Participation Plan in 1990 and was updated in May, 2020. The adopted Citizen Participation Plan includes information on the CDBG program, offers technical assistance, allows for the public to assess all aspects of the performance of the CDBG program, process for grievances/complaints, application for funding process, and public hearing processes, including utilizing bi-lingual staff if needed.

The City of Rochester conducts public hearings to obtain citizen views, respond to questions, development needs and review of proposed activities prior to determining final appropriations. The plan was available for review in hard copy at the City's Community Development Department and on the City's website: www.rochestermn.gov

A notice that the City of Rochester was accepting applications for the 2027 CDBG program was published in the local newspaper on July 18, 2026 and communicated to previous applicants on July 17, 2026. The notice also included the date for the public hearings on September 21, 2026 and November 2, 2026. The public hearing provided opportunity for public input. A copy of the notice and summary of eligible CDBG activities was also sent to non-profits advocates serving low-moderate income persons,

social service agencies, homeless and housing providers, health professionals, and local government agencies, addressing community development needs in the area

The following agencies attended the public hearing held on September 9, 2026: (to be completed after the public hearing)

On Wednesday , July 22, 2026, an open house was held where individuals could ask questions regarding CDBG funding and how to complete the 2027 application for funding. Representatives from Ability Building Community, Boys & Girls Club of Rochester, and Family Promise Rochester attended the open house.

On September 14, 2026, an open house was held at the Rochester Public Library where residents could provide input on the drafting of Action Plan. No residents attended the open house.

A notice that the City of Rochester has completed a draft of the Annual Action Plan was published in the local newspaper for public comment on September 12, 2026. The notice stated that the City of Rochester has completed a draft of the Annual Action Plan published in the local newspaper for public comment starting on September 21, 2026. The notice included the dates public comments would be accepted: September 21, 2026 through November 2, 2026. The notice stated that the City of Rochester expects to receive approximately \$650,000 from the Department of Housing and Urban Development through the CDBG Program in 2027 and anticipates receiving approximately \$75,000 in CDBG program income.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

The following agencies attended the public hearing held on September 21, 2026:

To be completed after the public hearing

6. Summary of comments or views not accepted and the reasons for not accepting them

All comments were accepted.

7. Summary

To be completed after the public hearing In summary, the Annual Action Plan has been developed with community input and reflects the City's needs.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Table 1 – Responsible Agencies

Agency Role	Name	Department/Agency
CDBG Administrator	City of Rochester	Community Development Department

Narrative (optional)

The City of Rochester’s Community Development Department is the lead agency for the development, administration, and review of the 2025 – 2029 Consolidated Plan and 2027 Annual Action Plan. The Department administers Community Development Block Grant funds received from the U.S. Department of Housing and Urban Development (HUD). Administrative support is provided by City’s Finance Department on all financial matters, internal controls, and processes to ensure compliance with grant requirements. City staff and its consultants researched and prepared the Plan which provides a comprehensive strategy to address the City’s housing and community development needs with CDBG program funds.

Consolidated Plan Public Contact Information

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AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

The goals for the 2027 Annual Action Plan are drawn from public comments received during focused outreach to determine strategic priorities for the Consolidated Plan, in developing the Assessment of Impediments to Fair Housing, and on a continuing basis. For purpose of the 2025-2029 Five Year Consolidated Plan for the City of Rochester, several public meetings were conducted. The first two meetings were conducted in April 2024 to gather input on strategic priorities. Then in September of 2024, the City Council held a public hearing and then there was a public meeting on the Consolidated Plan. The draft copy of the 2025-2029 Consolidated Plan was available to the public for comment for a 30-day period beginning September 23, 2025 until November 4, 2025.

Citizen input is important to solicit throughout the development of the Annual Action Plan for the City of Rochester. As such the City of Rochester adopted a Citizen's Participation Plan in 1990 and was updated in May, 2020. The adopted Citizen Participation Plan includes information on the CDBG program, offers technical assistance, allows for the public to assess all aspects of the performance of the CDBG program, process for grievances/complaints, application for funding process, and public hearing processes, including utilizing bi-lingual staff if needed.

The City of Rochester conducts public hearings to obtain citizen views, respond to questions, development needs and review of proposed activities prior to determining final appropriations. Copies of the proposed use of funds will be available at City's Community Development Department and the City's website.

A notice that the City of Rochester was accepting applications for the 2027 CDBG program was published in the local newspaper on July 18, 2026, and communicated to previous applicants on July 17, 2026. The notice also included the date for the public hearings on September 21, 2026, and November 2, 2026. The public hearing provides the opportunity for public input. A copy of the notice and summary of eligible CDBG activities was also sent to non-profits advocates serving low-moderate income people, social service agencies, homeless and housing providers, health professionals, and local government agencies, addressing community development needs in the area.

A notice that the City of Rochester has completed a draft of the Annual Action Plan was published in the local newspaper for public comment starting September 21, 2026. The notice stated that the City of Rochester has completed a draft of the Amended Annual Action Plan has been published in the local newspaper for public comment on September 21, 2026. The notice includes the dates public comments will be accepted: September 21, 2026 through November 2, 2026. It stated in 2027, the City of Rochester expects to receive \$650,000 from the Department of Housing and Urban Development through the CDBG Program and anticipated receiving approximately \$75,000 in CDBG program income.

Provide a concise summary of the jurisdiction's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

The City of Rochester actively coordinates with public and assisted housing providers, including the Olmsted County Housing and Redevelopment Authority (OCHRA), as well as private and governmental health, mental health, and service agencies to support integrated housing and service delivery. Through ongoing collaboration with the Continuum of Care (CoC), Mayo Clinic, Olmsted County Public Health, and Zumbro Valley Health Center, the City promotes alignment between housing resources and supportive services. Discharge planning is a key focus of these partnerships, ensuring that individuals exiting hospitals, mental health facilities, foster care, and correctional institutions are not discharged into homelessness. Regular case conferencing and cross-agency coordination help facilitate smooth transitions into stable housing and connect individuals to wraparound services, such as behavioral health care, substance use treatment, and workforce development. These coordinated efforts are designed to prevent housing instability and promote long-term self-sufficiency for Rochester's most vulnerable residents.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

River Valleys serves as the lead agency for the River Valleys CoC. The CoC includes people and organizations from across the region, and meetings are open to anyone who wants to work together with local organizations to change our system and end homelessness. About 40-50 people gather monthly to collaborate on important local, regional, and statewide initiatives. Anyone who shares the CoC's goals of working collaboratively to end homelessness is welcomed. Since the City does not receive a direct allocation of Emergency Solutions Grant funds, the City coordinates services with the members of the CoC.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City of Rochester is not a direct entitlement jurisdiction receiving Emergency Solutions Grant funds from the United States Department of Housing and Urban Development. The City does provide funding to agencies receiving CoC funds and these funds help to supplement the amount of assistance the agency could provide.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities

Representatives from the broad community, community councils, social service agencies, businesses, housing agencies, community development corporations and other government agencies took the online survey from April 8, 2024, to May 13, 2024. Stakeholder Meetings were also held and included representatives from the following organizations.

Table 2 – Agencies, groups, organizations who participated

Agency/Group/Organization	Type	Plan Section(s) Addressed	Consultation Method & Anticipated Outcomes
Ability Building Community	Non-Profit Agency	Non-Housing Needs Assessment Services-Persons with Disabilities	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.
Boys & Girls Club Rochester	Non-Profit Agency	Non-Homeless Special Needs	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.

Agency/Group/Organization	Type	Plan Section(s) Addressed	Consultation Method & Anticipated Outcomes
Catholic Charities	Non-Profit Agency	Homeless Needs : • Chronically Homeless • Families with children • Veterans	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.
Damascus Way Reentry Center	Non-Profit Agency	Anti-Poverty Strategy	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.
Family Promise	Non-Profit Agency	Homeless Needs: • Chronically Homeless • Families with children • Veterans • Unaccompanied Youth Homelessness Strategy	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.

Agency/Group/Organization	Type	Plan Section(s) Addressed	Consultation Method & Anticipated Outcomes
Federal Communications Commission	Federal Government Agency	Market Analysis	The City of requested specific data pertaining to Rochester from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan. The FCC provides data on internet coverage and access allowing the City of Rochester to adequately plan digital equity initiatives in the City.
Hiawatha Homes	Non-Profit Agency	Housing Need Assessment Services – Disabilities	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.
Jeremiah Program	Non-Profit Agency	Non-Homeless Needs Assessment Anti-Poverty Strategy	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.

Agency/Group/Organization	Type	Plan Section(s) Addressed	Consultation Method & Anticipated Outcomes
Olmsted County HRA	Public Housing Authority	Public Housing Needs Housing Needs Assessment	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.
Olmsted County Office of Emergency Management	County Government	Market Analysis	The City of Rochester requested input from this organization via email regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan. The City specifically requested access to the County's Multijurisdictional Hazard Mitigation Plan which covers the City of Rochester.
River Valleys Continuum of Care	Non-Profit Agency	Homeless Needs: • Chronically Homeless • Families with children • Veterans • Unaccompanied Youth Homelessness Strategy	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.

Agency/Group/Organization	Type	Plan Section(s) Addressed	Consultation Method & Anticipated Outcomes
The Landing MN	Non-Profit Agency	Homeless Needs: • Chronically Homeless • Families with children • Veterans • Unaccompanied Youth Homelessness Strategy	The City of Rochester requested input from this organization regarding services provided, statistical data and/or specific actions currently underway or being implemented as it pertains to the Consolidated Plan.

Identify any Agency Types not consulted and provide rationale for not consulting

The City did not exclude any agency type or agency during this process.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Table 3 – Other local / regional / federal planning efforts

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	River Valleys CoC	The Strategic Plan and Continuum of Care do not overlap, but rather complement each other as both seek to identify permanent solutions to the problem of homelessness. The entire continuum of outreach, emergency shelter, transitional housing, rapid re-housing, homeless prevention and permanent housing is supported through collaboration with all of the agencies who have a role in one or more of these strategies.
Comprehensive Plan	City of Rochester	The Comprehensive Plan is another plan that complements the goals of the Consolidated Plan.

Narrative (optional)

The City of Rochester is committed to building an inclusive community. To this end, the City of Rochester is committed to:

Supporting low income tax credit housing and other subsidized housing of high quality in locations that are accessible to employment, neighborhood amenities, and commercial services.

Supporting well designed private development proposals that include townhouses, apartments, and appropriate commercial uses as part of neighborhood development areas.

Enforcing minimum standards for housing and enforce such ordinances such as the Disorderly Use Ordinance in to address neighborhood concerns about crime and potential impacts on property values.

Increasing the supply and land zoned for lower cost housing, especially providing for mixtures of housing by style and cost.

Providing for neighborhoods that are integrated by income class, race, age, ability, and are accessible to all modes of travel by all ages and ability levels.

Providing incentives to developers to accommodate affordable housing up front as part of well-planned communities.

The City supports numerous agencies by providing funding from the city's annual budget. Such agencies include: 125Live, RNeighbors, Youth Commission, SE MN Initiative Fund and Human Rights Commission.

All CDBG-funded project contracts require compliance with the Lead Based Paint Poisoning Prevention Act. All participants of the City's Home Rehabilitation Program are provided the brochure on the hazards of lead-based paint and are required to complete and sign a lead-based paint certification. They are also required to sign acknowledgement of receiving a copy of the US Department of Housing and Urban Development Lead-Based Paint Notification form. A lead-based paint risk assessment test and clearance is conducted on all rehabilitation projects receiving CDBG funding for affordable housing. The City is also receiving funding from a lead grant through the state. Funding is intended to support compliance efforts of the City's Home Rehabilitation Program as well as offer a healthy homes initiative as a means of community outreach and resource connection for lead compliance and radon testing.

The Olmsted County Planning Department does limited transportation planning, primarily in the area of studies and other special reports done with or for the City of Rochester, Olmsted County, and the Minnesota Department of Transportation (MN/DOT) through the Rochester-Olmsted Council of Governments (ROCOG). The ROCOG Policy Board is comprised of sixteen individuals representing the local units of government within Olmsted County and two citizen members. The 2045 Long Range Transportation Plan was referenced as it is being adopted.

In addition, various stakeholder groups in Southeast Minnesota have been working on a plan that would create a Regional Transportation Coordinating Council (RTCC) in the 11-county region. The purpose of the RTCC would be to seek out ways to reduce or remove barriers to effective public transportation in the region, particularly in increasing access, reducing inefficiencies or duplication of efforts, and increasing cooperation among transportation providers. The Minnesota Department of Transportation (MnDOT) has established a grant program to plan for the establishment of RTCCs throughout the state.

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

There are several opportunities throughout the planning process for how CDBG fund will be spent for residents and service providers to be involved in the process.

A notice published in local newspaper in July of 2026 that the City was accepting applications for 2027 CDBG funding. The application period was open for 30 days. The notice identified the City of Rochester priority needs identified as: access to affordable housing, access to public services, non-housing community development, planning and administration, and affirmatively furthering fair housing. The notice also provided a link to plan on the City's web site.

Based on the review of the applications received by a steering committee on August 31, 2026, the anticipated CDBG dollars were allocated to a number of activities that would help the City meet its priority needs. Based on the recommended allocations, a draft of the 2027 Annual Action Plan was drafted and presented to the City Council on September 21, 2026. The City Council opened the comment period on the annual action plan on the same date. The draft annual action plan was made available in City offices, and a notice was published in the local newspaper seeking public comment on the Plan.

To date no comments have been received.

Citizen Participation Outreach

Table 4 – Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Email	Non-targeted/broad community	Emailed notice that the application window was open	9 agencies submitted requests for the 2027 CDBG funding.	N/A	N/A
2	Newspaper Ad	Non-targeted/broad community	9 agencies submitted requests for the 2027 CDBG funding.	No comments received	N/A	N/A
3	Open House	Non-targeted/broad community	No one attended	Reviewed the 2027 CDBG application, provided overview of the CDBG program. Answered questions regarding CDBG funding and types of activities allowed	N/A	N/A
4	Public Hearing	Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community	To be completed	N/A	N/A	N/A

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
5	Public Hearing	Non-English Speaking - Specify other language: Spanish Persons with disabilities Non-targeted/broad community	To be completed	N/A	N/A	N/A

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The City of Rochester expects to receive approximately \$676,000 in CDBG entitlement funding and the Community Development Department administers the funding for the City.

The table below lists the resources expected to be available from the U.S. Department of Housing and Urban Development and from program income received from repayments of single family rehab loans in Rochester to address the priority needs and specific objectives identified in the Annual Action Plan.

Anticipated Resources

Table 5 - Expected Resources – Priority Table

Program	Source of Funds	Uses of Funds	Expected Annual Allocation Available Year 1	Expected Program Income Available Year 1	Expected Prior Year Resources Available Year 1	Expected Total Available Year 1	Expected Amount Available Remainder of Con Plan	Narrative Description
CDBG	Public - Federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	\$650,000	\$75,000	\$0.00	\$725,000	1,537,000	The primary objective of the CDBG program is to provide decent housing, a suitable living environment, and expanded economic opportunities principally for low- and moderate-income persons and neighborhoods. All prior year funds are currently committed to active projects.

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City of Rochester will use a combination of public and private funding to carry out activities identified in this plan. The city will continue to leverage additional financial resources including state and local funds as well as investigate other sources of funding that are consistent with the goals of the 2025-2029 Consolidated Plan. The City will collaborate by working with community partners and non-profit organizations to encourage leveraging of available funding sources and strengthen capacity building. The City will also continue to collaborate with Olmsted County in its efforts to provide additional housing rehabilitation loans in the City to compliment the City's housing rehab program.

Applications for public service activities are scored and applicants leveraging private funds earn more points than applicants who do not leverage private funds. Agencies applying for CDBG funds are required to include information on how they will leverage additional resources to complete their activity. Leveraging private funds in conjunction with the use of CDBG funds will continue to be a priority to maximize accomplishments.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City manages a list of City-owned properties that are routinely reviewed to determine the best use for the property with the primary goal of meeting housing needs in the community. On April 15, 2026, an RFP for the disposition of two City-owned properties was issued. The two properties were conveyed to the local non-profit, First Homes, and they will be developed as affordable housing in the coming years.

Discussion

The City only accepts applications for CDBG funding of those activities that fall under public service activities. Since public service activities are limited to 15% of the CDBG dollars received plus program income received, it is a competitive application process. Public service activities that leverage matching funding, create equitable and socioeconomic impact typically score higher

than other activities.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Table 6 – Goals Summary

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Access to Affordable Housing	2027	2028	Affordable Housing	Citywide	Increase Access to Affordable Housing	\$482,500.00	Homeowner housing rehabilitated: Households Assisted: 15
2	Planning and Administration	2027	2028	Planning and Administration	Citywide	Planning and Administration	\$145,000.00	Other: Planning and Administration
3	Access to Public Services	2027	2028	Public Service	Citywide	Increase Access to Public Services	\$97,500.00	Public service activities other than low-/moderate-income housing benefit: Persons Assisted: 300

Goal Descriptions

Sort Order	Goal Name	Goal Description
1	Access to Affordable Housing	The total amount of funding that is being planned for affordable housing activities is \$482,500. Of this amount \$407,500 is planned for from the 2027 CDBG allocation. The remaining \$75,000 is planned to come from program income received from the repayment of single family rehab loan repayments. If the amount of planned rehab loan repayments is not received, the amount of funding towards the single family rehab activity will be adjusted accordingly. The geographic area of the activity is the entire City of Rochester.
2	Administration	Provide administration oversight for CDBG indirect costs and program management activities to ensure compliance.
3	Access to Public Services	Generally public service activities cover the entire geographic area of the city of Rochester as they serve clients who live throughout the City but some public service activities have a location.

Projects

AP-35 Projects – 91.220(d)

Introduction

The projects summarized in the table below were selected for the 2027 program year. Full details for each project is provided in AP-38.

Project List

1. Damascus Way Reentry Center
2. Family Promise Rochester
3. Hiawatha Homes Foundation
4. Jeremiah Program
5. The Salvation Army of Rochester, MN
6. CDBG Planning and Administration
7. Affordable Housing Planning
8. Rehab Administration
9. Homeowner Housing Rehabilitation
10. Rental Housing Rehabilitation

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The City has allocated priorities based on community needs as well as programs that have been successful in the past. Many of the priorities are focused on programs and projects that can be leveraged with other funds, including private and public funds, as well as programs and projects that have positive impacts beyond the scope of the individual activity. The selected projects cover a wide range of needs throughout the community. The biggest obstacle to addressing some of the underserved needs is the limited financial allocations that the City receives.

The City seeks applications each year for activities that are considered “public service” activities. Each application scored based on timeliness, project effectiveness (leverage other sources of funds, equitable impact, socioeconomic impact), priorities (consolidated plan and council priorities), and if the activity was previously funded.

The first five projects are from public service applications received. These either scored the highest based on scoring criteria or were identified as having the most tangible impacts on the community by the CDBG Steering Committee. All public service activities meet at least one of the priorities found in the City’s Consolidated Plan. Other projects being funded help address in making a more desirable living environment by helping to address priority one (affordable housing) of the City Consolidated Plan.

AP-38 Project Summary

Project Summary Information

Project Name: Damascus Way Reentry Center

Target Area Citywide

Goals Supported Increase Access to Public Services

Needs Addressed Homeless Services and Operations

Funding \$10,000.00

Description

Provide programming to support men transitioning from the correctional system to public life

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

60 Persons Assisted

Location Description 2118 Campus Drive SE, Rochester, MN 55904

Planned Activities

The City will use CDBG funding to support Damascus Way programming including stable housing, career readiness, health and wellness, youth and family services, and healthy community connections.

Project Name: Family Promise Rochester

Target Area Citywide

Goals Supported Increase Access to Public Services

Needs Addressed Homeless Services and Operations

Funding \$30,000.00

Description Support staffing and operation costs of Promise House

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

60 households, which are families experiencing homelessness

Location Description 1621 10th St SE, Rochester, MN 5590

Planned Activities

Family Promise Rochester staff will provide services at their family shelter, Promise House. On top of providing shelter, staff provide case management services, assist clients with housing and resource navigation, and provide access to basic needs.

Project Name: Hiawatha Homes Foundation

Target Area Citywide

Goals Supported Increase Access to Public Services

Needs Addressed Transportation

Funding \$25,000.00

Description Purchase two accessible vans for transporting clients

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

8 individuals with physical disabilities

Location Description 1820 Valkyrie Dr NW, Rochester, MN 55901

Planned Activities

CDBG funding will be used in part to purchase two accessible vans. These vans will be used to transport Hiawatha Homes clients to work, appointments, and daily errands.

Project Name: Jeremiah program

Target Area Citywide

Goals Supported Increase Access to Public Services

Needs Addressed Fair Housing Education for the Public

Funding \$19,835.00

Description

Provide programming to disenfranchised single mothers to break the cycle of poverty for the mothers and their children.

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

279 single mothers and their children.

Location Description 2915 Jeremiah Ln NW, Rochester, MN 55901

Planned Activities

The City will use CDBG funds to support the one-on-one family coaching with funding covering salaries. The program would be able to increase the hours and intensity of workforce development training provided for single mothers.

Project Name: The Salvation Army of Rochester, MN

Target Area Citywide

Goals Supported Increase Access to Public Services

Needs Addressed Rental Assistance

Funding \$12,665.00

Description Provide direct payments to landlords for applicants facing eviction

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

6 to 10 households facing eviction

Location Description 2915 Jeremiah Lane NW, Rochester, MN 55901

Planned Activities

The City will use CDBG funds for rental assistance paid directly to landlords for emergency eviction prevention. Payments will be made after households and Salvation Army staff have coordinated a plan to pay the entirety of unpaid rent.

Project Name: CDBG Planning & Administration

Target Area Citywide

Goals Supported Planning & Administration

Needs Addressed Planning & Administration

Funding \$75,000.00

Description

Overall program management, coordination, monitoring and evaluation of the CDBG program for the City of Rochester

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

N/A

Location Description N/A

Planned Activities

The City will use CDBG funds to assist with the overall program management related housing rehab activities for the City of Rochester CDBG program.

Project Name: Affordable Housing Planning

Target Area Citywide

Goals Supported Planning & Administration

Needs Addressed Planning & Administration

Funding \$70,000.00

Description

Support at the Coalition for Rochester Area Housing to collaborate, invest and lead on innovative solutions to the meet the communities housing needs with the goal of creating and preserving affordable housing.

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

N/A

Location Description N/A

Planned Activities

Invest and lead innovative solutions to the meet the communities housing needs with the goal of creating and preserving affordable housing.

Project Name: Rehab Administration

Target Area Citywide

Goals Supported Planning & Administration

Needs Addressed Planning & Administration

Funding \$107,500

Description

Overall program management related housing rehab activities for the City of Rochester CDBG program.

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

N/A

Location Description N/A

Planned Activities

The City will use CDBG funds to assist with the overall program management related housing rehab activities for the City of Rochester CDBG program.

Project Name: Homeowner Housing Rehabilitation

Target Area Citywide

Goals Supported Homeowner Housing Rehabilitation

Needs Addressed Increase Access to Affordable Housing

Funding \$250,000

Description

Provide financial assistance for LMI homeowners with critical home repairs to stabilize homeowners within their primary unit of residence.

Target Date 12/31/2027

Estimate the number and type of families that will benefit from the proposed activities

10 Homeowner Houses Rehabilitated

Location Description Citywide

Planned Activities

The City will use CDBG funds to support the Single-Family Rehab program, which provides an interest free deferred loan to low-moderate income owner occupants for rehabilitation of substandard single-family structures. These interest-free loans must be repaid when the property is sold or transferred or if the property ceases to be the owner's principal place of residence. Program income is factored into the total dollars for the activity. If less program income is received, the dollars allocated to the City's single family rehab loan program will be reduced. If more program income is received than planned, the dollars will be allocated to the City's single family rehab loan program.

Project Name: Rental Housing Rehabilitation

Target Area Citywide

Goals Supported Rental Housing Rehabilitation

Needs Addressed Increase Access to Affordable Housing

Funding \$125,000.00

Description Provide financial assistance for landlords/property owners with critical home repairs to improve rental housing conditions for LMI renters.

Target Date 12/31/2026

Estimate the number and type of families that will benefit from the proposed activities

5 Rental Units Rehabilitated

Location Description Citywide

Planned Activities

The City will use CDBG funds to support the rental rehab program that offers up to \$25,000 per rental unit in the form of a 10-year forgivable loan to support the rehabilitation of renter-occupied housing.

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Rochester receives entitlement program funds directly from HUD. Program resources are allocated citywide based on low-mod areas which can coincide with areas of minority concentration. The City relies on federal datasets such as American Community Survey (ACS), HUD low- and moderate-income summary data, and Federal Financial Institutions Examinations Council (FFIEC) data to determine areas throughout the community with concentrations of low- and moderate-income communities.

The City has not selected any target areas for this Consolidated Plan period.

Geographic Distribution

Table 7 - Geographic Distribution

Target Area	Percentage of Funds
Citywide	80%

Rationale for the priorities for allocating investments geographically

To generate the greatest impacts, the City will focus efforts citywide in low-income areas. The general priorities and needs are public services, affordable housing and public facilities & infrastructure that meet the needs of the City's low- and moderate-income residents.

Federal CDBG funds are intended to provide low and moderate income (LMI) households with viable communities, including decent housing, a suitable living environment and expanded economic opportunities. Eligible activities include community facility acquisition or community facility improvements, housing rehabilitation and preservation, affordable housing development activities, public services, planning, and administration. The system for establishing priority for the selection of these projects is predicated upon the following criteria:

- Meeting the statutory requirements of the CDBG program
- Meeting the needs of LMI residents
- Focusing on LMI areas or neighborhoods
- Coordination and leveraging of resources
- Response to expressed needs
- Sustainability and/or long-term impact
- The ability to demonstrate measurable progress and success

Discussion

Affordable Housing is among the City of Rochester's top priority. In general, Rochester is predicting a shortage in supply of housing as the population grows (noted in the Maxfield Housing Study and Plan to Succeed Comprehensive Plan). Currently, we are seeing a trend for more development of rental properties (new or otherwise), and foresee this making up more of the future supply of housing.

AP-55 Affordable Housing – 91.220(g)

Introduction

The City of Rochester, MN will continue its priority of serving low-income families and underserved populations such as veteran families, single parent head of households, seniors, homelessness, and near-homeless populations within the City of Rochester, MN. The City will also continue to fund CDBG public service activities specific to housing and supportive housing needs of homeless and near homeless populations.

The following Tables show specific one-year goals for the number of homeless, non-homeless, and special needs households that will be provided affordable housing during the year. Also shown is the number of affordable housing units that will be assisted with CDBG funds.

Table 8 - One Year Goals for Affordable Housing by Support Requirement

Type of Household	Number of Units
Homeless	60
Non-Homeless	339
Special-Needs	0
Total	399

Table 9 - One Year Goals for Affordable Housing by Support Type

Type of Assistance	Number of Households
Rental Assistance	12
The Production of New Units	0
Rehab of Existing Units	15
Acquisition of Existing Units	0
Total	27

Discussion

Rochester anticipates a growing shortage of housing as the population expands. Affordable housing remains a top priority for the City of Rochester. The city has actively promoted affordable housing initiatives and continues to explore additional measures to address housing needs. Currently, there is an observable trend toward increased development of rental properties, both new and existing, which is expected to become a larger portion of the future housing supply. Meanwhile, the market for single-family homes is experiencing a shortage, with available units selling quickly.

AP-60 Public Housing – 91.220(h)

Introduction

The Olmsted County Housing & Redevelopment Authority (OCHRA) in Rochester, MN aims to provide affordable, quality housing options to low- and moderate-income individuals and families in Rochester. It works to ensure that residents have access to safe, stable, and supportive living environments. OCHRA manages public housing units that provide affordable rental options for eligible low-income households. These units are designed to offer safe and stable housing at reduced rents. Tenant eligibility is determined based on income, family size, and other criteria. Households must meet income limits and other program requirements.

OCHRA currently manages 110 public housing units, Housing Choice Vouchers, Project Based Vouchers, Permanent Supportive Housing, and Special purpose vouchers. These programs assist very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.

Actions planned during the next year to address the needs to public housing

The City of Rochester will continue to support the efforts of the OCHRA in addressing the needs of public housing residents by offering collaborating with the agency to ensure that low-income residents, seniors, and disabled families can access services. OCHRA collaborates with local organizations to provide support services that enhance residents' quality of life. This includes access to educational programs, job training, and other community resources.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The OCHRA has programs designed to help low-income families transition from renting to owning their homes. This includes down payment assistance, homebuyer education, and other support services. Participants must meet program requirements and demonstrate the ability to sustain homeownership.

The City has a tax-funded program to incentivize the construction of new owner-occupied dwelling units. The Home Ownership Creation Program has resulted in 76 units created with an additional 531 units approved for funding and in various stages of the development process. These units are required to be sold at prices that residents earning 115% AMI would be able to afford. While residents in public housing may not be able to afford units created through this program, residents in Rochester may sell their existing homes which may be attainable by public housing residents.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable; According to HUD's Public Housing Agency Score (PHAS), the OCHRA is not considered by

HUD to be troubled or poorly performing.

Discussion

OCHRA is a key player in providing affordable housing and related services to low- and moderate-income households in Rochester, MN. Through its various programs and initiatives, RHA aims to enhance housing stability and support community development, ensuring that residents have access to safe, affordable, and supportive housing options.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

This section describes the one-year goals and activities for the City of Rochester, MN in assessing and serving the needs for homeless persons and special needs populations. The City's homeless strategy collaboratively addresses the essential needs for homeless and other special needs populations. The goal is to invest in activities that lead people experiencing homelessness to permanent housing as quickly as possible while offering a variety of intervention options that provide options to address the different needs. Such interventions include rapid rehousing, permanent supportive housing, immediate access to low-barrier emergency shelter; intensive service-focused recovery housing programs; transitional housing options for special needs populations (especially households fleeing domestic violence, youth and youth adults, and people with substance use issues); diversion programs. The City of Rochester collaborates with various organizations to strengthen the homeless governance structure and ensure services are provided to these populations.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City of Rochester does not receive Emergency Solutions Grant (ESG) funds; however, it will continue to support homelessness initiatives using its Community Development Block Grant (CDBG) resources. While most homeless providers have some outreach services, there is not an agency that exclusively provides outreach services.

Addressing the emergency shelter and transitional housing needs of homeless persons

There are various emergency shelters and transitional housing options and resources for individuals experiencing homelessness in Rochester, MN. Local organizations and programs work together to offer temporary relief and long-term solutions to help individuals achieve housing stability and improve their overall quality of life. Olmsted County Community Services Provides temporary housing for individuals and families experiencing homelessness. They may offer access to basic needs such as food, clothing, and personal hygiene supplies. The Rochester Community Warming Center (RCWC) provides emergency shelter for Rochester, MN area adults, 18 and older, experiencing homelessness. The Dorothy Day Hospitality House is a temporary homeless shelter conveniently located in downtown Rochester, Minnesota within walking distance of the Mayo Clinic, buses, and community resources. Mary's Place is a local organization that offers emergency shelter specifically for refugee families. It provides a safe space and supportive services to help individuals stabilize their situation. The Salvation Army of Rochester, MN offers emergency shelter for men, providing a safe and supportive environment. They also offer meals and other supportive services. Olmsted Housing and Redevelopment Authority (OCHRA) provides transitional housing options for

families and individuals. These programs aim to bridge the gap between homelessness and permanent housing.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Although the City of Rochester is not a recipient of ESG funds, the City does support and collaborate with local organizations and programs which provide social services for chronically homeless individuals and families throughout Rochester, MN that supports nonprofit agencies that provide homelessness prevention services.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

The primary need for the City of Rochester, MN is to link people with available housing opportunities as quickly as possible and support them in accessing subsidies and increasing their income to help them sustain their housing long-term. The City's local organizations coordinate with hospitals, courts and other institutions to coordinate and plan the discharge of persons experiencing homelessness. Some organizations also offer primary care, behavioral health, career and other services for persons experiencing homelessness. Specifically, the River Valleys Continuum of Care, utilizes and prioritizes the use of coordinated entry for entry into programs funding by CoC/McKinney-Vento dollars, as well as several programs addressing homelessness. Coordinated Entry is utilized to assess the needs of homeless families and individuals and better match them with appropriate services. Individuals/families who are experiencing homelessness can take the VI-SPDAT assessment to put their name on the coordinated entry list for all agencies in the County. Providers throughout the region share the same message and resources with individuals and families experiencing homelessness, so that everyone receives the same message and access to services. Families who are struggling to find housing or facing a loss in housing may receive assistance to prevent housing loss at the Empowering Connections and Housing Outreach Center (ECHO). On the periphery, Rochester Public Utilities offers utility assistance which assists in preventing housing loss.

During this program year, the city will continue to:

- Improve coordination between mental health, physical health, and criminal justice systems to identify people at risk of homelessness and link them with support to prevent them from becoming literally homeless after discharge.
- Work with the local and state agencies and support them in their effort to expand services for youth exiting foster care.
- Assist in the identification of available prevention programs and development of a gaps analysis that allows us to create a homeless prevention plan in the coming years.

Discussion

Not Applicable

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

The City of Rochester most recent Analysis of Impediments did not identify any institutional barriers to affordable housing in Rochester, MN. The city is growing in population and the demand for more affordable units is increasing. The City is committed to maintaining and enhancing policies that increase equal opportunity for housing for low-income families and minorities. Barriers to affordable housing are obstacles that prevent individuals and families from accessing or maintaining housing that is affordable, safe, and adequate. These barriers can be complex and multifaceted, impacting various aspects of the housing market and individual circumstances. This section of the plan explains whether the cost of housing or the incentives to develop, maintain, or improve affordable housing is affected by policies that may affect land and other property, zoning ordinances, building codes, growth limits, and policies that affect the return on residential investment. These issues are presented based on programmatic experience, previous analyses, and were explored as part of the City of Rochester's Analysis of Impediments to Fair Housing Choice.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

In recent years, the City of Rochester has made extraordinary efforts to aid with increased affordable housing development. These efforts have improved to some degree the availability of affordable housing, but do not put a substantial dent in the overall problem. In the most recent Comprehensive Plan, the City outlines ways to support a wide range of policies aimed at revitalization and inclusionary zoning. Over the next Consolidated Plan period, the City of Rochester will continue to analyze its Comprehensive Plan to seek to support a variety of housing options. The provision of adequate and affordable housing for all residents is an important goal for the City, but many factors constrain the development, maintenance, and improvement of the housing stock. These factors as discussed in the City's AI impact the cost and amount of housing produced, thereby disproportionately affecting the LMI community.

Discussion:

In its third year of the Consolidated Plan, the City of Rochester, MN will continue its efforts to remove barriers to affordable housing by supporting a variety of activities in different parts of the City to redirect the redevelopment efforts towards a revitalization outcome. The revitalization efforts will aim to establish smart growth land use policies and green development to provide zoning incentives to promote mixed uses and sustainable affordable housing. The plans also promote revitalization of the neighborhoods through equitable, affordable housing, support of existing communities, and coordinated policies that leverage public investment through an integrated approach to planning. These activities are expected to ensure a healthy return on residential investment in the city. These efforts could result in redevelopment

of several existing vacant lands and promote diversity of mixed use and mixed income communities.

AP-85 Other Actions – 91.220(k)

Introduction:

This section details the City's actions planned to ensure safe and affordable housing for its residents, along with plans to meet underserved needs, reduce poverty, develop institutional structure, and enhance coordination between public and private sector housing and community development agencies. The Consolidated Plan addresses the issue of meeting underserved needs of Rochester residents through a variety of initiatives. Several of these initiatives are proposed for funding in this Annual Action Plan. As has been the situation in the past and most likely in the future, the primary obstacle to these actions is a lack of funding. The City is committed to overcoming barriers that hinder the ability to meet the needs of underserved populations and ensure equitable access to housing, services, and opportunities.

Actions planned to address obstacles to meeting underserved needs

The primary obstacle to meeting underserved needs of low- and moderate-income populations in Rochester continues to be the magnitude of the needs and availability of funds to address them. Organizations serving these populations continue to experience reductions in funding from both governmental and private sources. The City of Rochester, MN will continue to work with its community partners to assist low- and moderate-income residents in meeting underserved needs consisting of employment services, childcare, health services, substance abuse counseling and treatment, education programs, services for senior citizens, services for people experiencing homelessness, and fair housing training.

Actions planned to foster and maintain affordable housing

During the next Consolidated Plan period, the city will continue to administer the Single Family and Rental Rehab Program which provides affordable housing sustainability for the City's low to moderate-income residents. The City will also expand its efforts to actively pursue other funding mechanisms and partnerships for the development of affordable housing to leverage limited public dollars.

Additionally, the City of Rochester will continue to work with the Olmsted County Housing & Redevelopment Authority (OCHRA) Housing Rehabilitation Program. This program provides financial assistance to qualifying low and moderate-income homeowners to assist in maintaining, repairing, and improving the safety, livability, and energy efficiency of their homes. The City will also continue to support OCHRA in their efforts to administer the Section 8 Homeownership Program.

The City will also continue providing Tax Increment Financing Assistance to developers as warranted based upon existing housing market conditions. The City also encourages landlords to apply for a variance to the City of Rochester's Housing Code, requesting approval for additional persons in a rental unit for lease to families needing 3+ bedrooms. The procedure for applying for a variance is provided by the Olmsted County HRA when a client of the Section 8 Program is over-occupying a unit.

Actions planned to reduce lead-based paint hazards

Rochester will implement strategies to mitigate lead-based paint hazards in housing, particularly in homes occupied by vulnerable populations, and ensure a safe living environment. The City will continue to implement counter-measures to minimize exposure of lead-based paint hazards found in existing housing built prior to 1978. The City provides lead-based paint disclosure for participants that receive assistance from CDBG funds for Single Family or Rental Rehab programs to educate residents on the hazards of lead-based paint and protecting children. Each property will be assessed, and lead clearance will be performed by a certified risk assessor, certified lead-based paint inspector or clearance technician before the rehabilitation project can be completed.

Actions planned to reduce the number of poverty-level families

All activities described in this Plan are designed with poverty reduction in mind. To decrease the incidence of poverty among families, Rochester will implement strategies that enhance economic stability, improve access to resources, and create opportunities for upward mobility. Collaboration with organizations that administer programs to prevent and end homelessness helps bring people and households out of poverty and into self-sufficiency. Rental assistance helps stabilize households and allows them to build savings, gain skills, and engage in other positive behaviors associated with a rise out of poverty. Rochester, MN has an economic mix that includes manufacturing, customer service centers, healthcare, education, retail and tourism.

Actions planned to develop institutional structure

During the next Consolidated Plan period, Rochester's Community Development Department will continue to assist nonprofit/social service providers, and various other community-based organizations to provide training and technical assistance to subrecipients. City staff works throughout the year to increase institutional structure, both within the city and throughout our partner agencies. This is accomplished through providing technical assistance on federal grant management requirements, such as growing their knowledge of Davis-Bacon requirements, financial management and other grant management procedures. Staff maintain contact with partner agencies throughout the year, offering referrals for funding and training opportunities where appropriate.

Actions planned to enhance coordination between public and private housing and social service agencies

The City of Rochester works with a number of public and private agencies addressing the needs of low-moderate income people, including but not limited to, affordable housing issues. The City is heavily invested in collaborations throughout the community and has successfully paired with multiple service providers to achieve its goal of providing affordable, safe and decent housing. This collaboration has allowed the city, public agencies, and service providers to better serve the needs of underserved residents. Rochester will continue to work with a broad cross-section of public, private, faith-based, and community organizations to identify the needs of its citizens. The city will also continue to further its initiative to leverage funding to increase opportunities for low- and moderate- income residents to receive

necessary services and have access to affordable housing options.

Discussion:

Not applicable

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

Community Development Block Grant Program (CDBG) Program Income

Income Description	Amount
1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	\$75,000.00
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan	\$0.00
3. The amount of surplus funds from urban renewal settlements	\$0.00
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	\$0.00
5. The amount of income from float-funded activities	
Total Program Income	\$75,000.00

Other CDBG Requirements

Activity Breakdown	Amount
The amount of urgent need activities	\$0.00
The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	80%