

City Council Report

Date: August 18, 2014

To: City Council

Through: Michael Kennington, Chief Financial Officer

From: Tammy Albright, Housing and Community Development
Department Director
Ray Thimesch, Development Project Coordinator
Rob Schweitzer, Community Revitalization Coordinator

Subject: First Substantial Amendment to the FY 14/15 Annual Action Plan

Resolution Authorizing:
1) The First Substantial Amendment to the FY 2014/2015 Annual
Action Plan

Covering the Following Program:
Community Development Block Grant (CDBG),

Council Districts: 1, 3 & 4

**Strategic
Initiatives:**



Purpose and Recommendation

The purpose of this report is to request that City Council approve a resolution authorizing the City of Mesa's First Substantial Amendment to the FY 2014/2015 Annual Action Plan (Substantial Amendment).



20 E Main St Suite 250, P.O. Box 1466, Mesa, AZ 85211-1466
480.644.3536 Tel, 480.644.2923 Fax, 711 (AZ TDD Relay)
Office Hours: Monday-Thursday 7:00 a.m. – 6:00 p.m., Closed Fridays.



If you are a person with a disability and require a reasonable accommodation in order to participate in the programs and services at the City of Mesa, please contact the Director of Housing and Revitalization at 480-644-3536 (Voice). You may be required to provide information to support your reasonable accommodation request.

The City has a total of \$558,000 available in prior and current year unallocated Community Development Block Grant (CDBG) funding and program income. City staff is proposing City Council approve the Substantial Amendment allowing for a distribution of \$424,000 between the following three CDBG public facility activities:

- Mesa Courts on College Building Rehab- \$127,000
 - Oakwood Creative Care Facility Rehab- \$47,000
 - Pioneer Park Rehab- \$250,000
- Total- \$424,000

The remaining \$134,000 of CDBG unallocated funding will provide additional funding to an existing project or fund a future CDBG project. Staff is recommending approval of this Substantial Amendment as submitted.

Background

The City's Annual Action Plan (AAP) for FY 2014/2015 contains the short-term goals and strategies, including specific activities recommended for funding through the CDBG, HOME Investment Partnership, and Emergency Solutions Grants (ESG) programs. See **Attachment A** for FY 14/15 AAP. These formula grant program funds are allocated annually to the City from the Department of Housing and Urban Development (HUD). The AAP is a formal application to HUD made by the City which describes the specific projects and activities that will take place during the FY 14/15 program year.

The AAP is required to be consistent with City's Five-Year Consolidated Plan that incorporates objectives that foster the availability, accessibility, affordability, and sustainability of: 1) decent housing; 2) a suitable living environment; and 3) economic opportunity. The AAP attempts to achieve these objectives through targeted efforts to address priority affordable housing, homeless, special needs and community development (non-housing) issues. The Five-Year Consolidated Plan was approved by City Council in 2010.

CDBG funds are required by HUD to be used in timely manner. Only 1.5 times of the City's CDBG annual allocation can remain in the line of credit unspent. HUD conducts a timeliness test every May to ensure funds are being utilized quickly; failure to meet the test may jeopardize future funding allocations.

Discussion

The Substantial Amendment is necessary because the City is proposing to utilize prior year and current year unallocated funds, and current year program income, not previously described in the Plan. See **Attachment B** for a PowerPoint providing more information.

The Housing & Community Development Advisory Board, in a 5-0 vote on June 5, 2014, made a formal recommendation for the Substantial Amendment that it be adopted by City Council as submitted.

The Community & Cultural Development Committee, in a 3-0 vote on June 5, 2014, made a formal recommendation for the Amendment that it be adopted by City Council as submitted.

At the City Council Study Session on June 26, 2014, direction was given to allocate the additional funds to the three public facility projects

A 30-day public comment period for the Substantial Amendment began on Monday, June 30, 2014, and concluded on Tuesday, July 29, 2014. A public hearing for the Substantial Amendment was held at the Mesa City Plaza located at 20 E. Main St., Room 170W, Mesa AZ 85201 on July 10, 2014 to provide the general public with an opportunity to comment in person on the Substantial Amendment. No comments were received at the hearing.

Fiscal Impact

Failure to approve the Substantial Amendment to the FY 2014/2015 AAP would leave \$558,000 in funding unallocated to activities, which may impact the City by not meeting HUD's 1.5 expenditure ratio.

Coordinated With

The proposed Substantial Amendment has been released to the public, applicants, other City departments and the Housing Advisory Board for review and comment, and met the citizen participation requirements set by HUD for participation in these federal programs. No public comments were received during the 30-day comment period.