

City Council Report

Date: March 2, 2015

To: City Council

Through: Michael Kennington, Chief Financial Officer

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

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

Resolution Authorizing:

- 1) The Second Substantial Amendment to the FY 2014/2015 Annual Action Plan

Covering the Following Program:

Community Development Block Grant (CDBG)

Council District: 3

**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 Second Substantial Amendment to the FY 2014/2015 Annual Action Plan (Substantial Amendment).



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The City has a total of \$635,000 available in prior year Community Development Block Grant (CDBG) funds from cancelled projects and \$70,000 in program income. City staff is proposing City Council approve the Substantial Amendment allowing for a distribution of \$705,000 to the following CDBG public facility activity:

- La Mesita Homeless Shelter

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. 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 Second Substantial Amendment is necessary because the City is proposing to utilize prior year funds from cancelled projects and program income not previously described in the Plan.

The proposed Second Substantial Amendment was discussed at the Housing & Community Development Advisory Board meeting on February 5, 2015. There was no comment from the board on the proposed Second Substantial Amendment.

The Community & Cultural Development Committee will make their recommendation on February 19, 2015, on the adoption of the Amendment.

A 30-day public comment period for the Substantial Amendment began on Monday, January 25, 2015, and will conclude on Wednesday, February 25, 2015. A public hearing for the Second Substantial Amendment will be held at the Community & Cultural Development Advisory Board meeting on February 19, 2015 at the Lower-Level Council Chambers (57 E. First St., Mesa, AZ 85201) to provide the general public with an opportunity to comment in person on the Substantial Amendment. Public comment period is still pending.

Alternatives

1. Approve the Second Substantial Amendment which provides the La Mesita Homeless Shelter with much needed additional funding and greatly improves the City ability to meet the 1.5 timeliness expenditure ratio.
2. Deny approval and recommend funds be used for another project which would result in the La Mesita acquiring funding from another source and would result in the City missing the 1.5 timeliness expenditure ratio and jeopardizing future funding allocations.

Fiscal Impact

Failure to approve the Second Substantial Amendment to the FY 2014/2015 AAP would leave \$705,000 in funding unallocated to activities, which will impact the City by not meeting HUD's 1.5 expenditure ratio.

Coordinated With

The proposed Second Substantial Amendment has been released to the public, applicants, other City departments, and the Housing & Community Development Advisory Board for review and comment, and will follow the citizen participation requirements set by HUD for participation in these federal programs. Public comment period is still pending.