

MEMORANDUM

Date: November 19, 2015

To: City Council

Through: Natalie Lewis, Deputy City Manager

From: Liz Morales, Housing and Community Development Director
Ruth Giese, Community Services Director

Subject: HOME Open Application Process

**Strategic
Initiatives:**



Purpose and Recommendation

The purpose of this report is to inform Council of the proposed change to the HOME Investment Partnership Program (HOME) application process; to seek direction from Council on whether to proceed with an open application process; and approve the timeline and funding amounts for HOME activities.

Background

The HOME application process prior to FY 12/13 was a process that ran concurrently with the Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), and Human Services funds. This application process was an annual process with an open and close date for all applications.

In the FY 2012/13 application process, the City changed the HOME application process to an open application process for projects. This process allowed applications for HOME funding to be submitted at any time throughout the fiscal year. HOME funding was approved by Council at the start of the application period which allocated the funding into three programs Tenant Based Rental Assistance (TBRA), Home Ownership program and Rental program, based on staff recommendations. However, final funding recommendations for development projects were not approved by Council but by the Housing and Community Development Board. In FY 2014/15, the process was changed back to the annual application process so that Council could make final funding recommendations for projects.

Discussion

Staff is proposing to return to the open application process for the HOME program with the added change of ensuring Council has final approval of all projects. By utilizing the

open application process, the City has added flexibility to evaluate and fund projects at any time during the year. There are advantages and disadvantages to the open application process:

Advantages

1. Time to properly evaluate, coordinate and underwrite the project for conformance with HOME Program rules, the City's Consolidated Plan and Analysis of Impediments
2. The City can move on the project when it was ready.
3. Flexibility to allocate funds to worthy projects that may not be ready under an annual process that has a close date.
4. Quickly reallocate funds should a project be cancelled.
5. Saves the developer and recipients of the HOME funds costs in materials and labor, as well as land acquisition costs, by being able to act at any time during the year rather than waiting for the next application process.
6. Allows Developer time to leverage other funding sources for the project

Disadvantages

1. Projects may lose out on funding for the year if they have a later submittal than other projects.
2. Council is unable to evaluate and compare all projects at once.

If an open application process is approved, all projects would be evaluated by City staff and the HCD Board. The projects would then be forwarded to the Cultural and Community Development Board for discussion and approval, with final approval by Council.

Staff is recommending the following funding for each program activity:

- \$500,000 for rental projects
- \$100,000 for Tenant Based Rental Assistance (TBRA) which provides security and utility deposits
- \$238,807 for home ownership which includes: acquisition, rehabilitation, resale, and down payment assistance.

Alternative

The City can continue with the current annual application process we currently are operating under where there is an open and close date.

Fiscal Impact

No fiscal impact to the City

Coordinated With

Housing and Community Development staff and the Housing and Community Development Board.