



City Council Report

Date: October 5, 2017
To: City Council
Through: Natalie Lewis, Deputy City Manager
Ruth Giese, Community Services Director
From: Elizabeth Morales, Housing and Community Development Director
Subject: Housing and Community Development FY 2018/19 Funding Process
Citywide

Purpose and Recommendation

The purpose of this report is to provide an update on Housing and Community and Development (H&CD) funding process for fiscal year (FY) 18/19 and receive direction on the items presented. H&CD requests direction from Council on the following:

1. FY 18/19 Funding Process Timelines – timelines for the awarding of FY 18/19 United States Department of Housing and Urban Development (HUD) program consisting of Low Income Housing Tax Credit (LIHTC), Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Solutions Grant (ESG) allocations, as well as non-federal funding related to City of Mesa Human Services funds (combination of general funds and utility donations).

Background and Discussion

The City is a designated entitlement community and receives annual grants on a formula basis to provide decent housing and a suitable living environment, and by expanding economic opportunities, principally for low and moderate-income persons. Funds may not be used for activities which do not meet one of the national objectives.

H&CD holds an annual application process in which developers and nonprofits may apply for applicable funds to support eligible activities under the respective programs. The annual application process culminates with the City Council determining the funding awards.

The Arizona Department of Housing (ADOH) also conducts an annual process to receive and review proposals for Low Income Housing Tax Credit (LIHTC) projects in Arizona. The LIHTC process is separate and distinct from the City's HUD federal funding award process even though some developers and nonprofits may ultimately be awarded funds/credits by both, the ADOH and the City.

The City has a limited role for developers who are submitting a LIHTC application.

The role of the City, most pertinent to the ADOH and the developer, is to provide letters indicating support or non-support for projects in Mesa applying for LIHTC credits. It is important to note that the City review process and timeline in no way affects the decision or award of tax credits by ADOH, nor does it set any additional criteria to receive City support for a LIHTC project. The City's process will serve to provide notice to the City of the proposed LIHTC projects in Mesa and allow the City Council adequate time to decide as to whether to or not to submit a letter of support/non-support for the project.

The following is the proposed timeline for the upcoming FY 18/19 Funding Timeline Process.

	LIHTC Timeline	HOME Timeline	CDBG, ESG, and Human Services Timeline
Application Process Opens	Oct. 17, 2017	Oct. 17, 2017	Jan. 2, 2018
Notice of Intent to Submit LIHTC Project	Oct. 17, 2017	N/A	N/A
Proposal Submission Deadline to City (<i>proposals requesting federal funding</i>)	Dec. 14, 2017	Jan. 23, 2018	Jan. 23, 2018
Technical Review by Staff	Dec. 15, 2017 – Jan. 2, 2018	Jan. 24, 2018 – Jan. 25, 2018	Jan. 24, 2018 – Jan. 25, 2018
Evaluation by Housing & Community Development Advisory Board (HCDAB) and Staff	Jan. 4, 2018	Jan. 29, 2018 – Feb. 1, 2018	Jan. 29, 2018 – Feb. 1, 2018
Presentation Evaluation by HCDAB	N/A	Feb. 7, 2018 – Feb. 8, 2018	Feb. 7, 2018 – Feb. 8, 2018
Recommendations by Community & Cultural Development (CCD) Committee	Jan. 29, 2018	Feb. 14 or Feb. 19, 2018	Feb. 14 or Feb. 19, 2018
Recommendations by Community & Cultural Development (CCD) Committee	Jan. 31, 2018	Feb. 15 or Feb. 20, 2018	Feb. 15 or Feb. 20, 2018
Hearing Process and 30-Day Public Comment	Dec. 7, 2017 – Apr. 23, 2018	Dec. 7, 2017 – Apr. 23, 2018	Jan. 9, 2018 – Apr. 23, 2018
Council Study Session	Feb. 8, 2018	Mar. 15, 2018 or Apr. 5, 2018	Mar. 15, 2018 or Apr. 5, 2018
LIHTC Support Letters (<i>no request for federal funding</i>)	Feb. 15, 2018	N/A	N/A

Alternatives

1. Approve the FY 18/19 Federal Funding and Human Services Process Timeline which meets needed timing guidelines set by HUD.
2. Provide an alternate timeline more suitable with Council priorities.
3. Deny approval of the FY 18/19 Federal Funding and Human Services Process Timeline which could result in the City missing deadlines established by HUD with possible impacts to future funding allocations.

Fiscal Impact

Congress has not yet finalized federal funding allocations for FY 18/19, however current allocation by the Department of Housing and Urban Development for CDBG, HOME and ESG funding is used as a guideline and for planning purposes. If there is an FY18/19 elimination and/or reduction in one or more of these programs or their funding appropriations, staff will return to City Council to discuss an updated funding allocation, based on that available funding.

Estimates of FY 18/19 federal funding as follows:

CDBG	\$3,210,202
HOME	\$1,018,678
ESG	\$290,296
Total	\$4,519,176