

City Council Report

Date: November 20, 2017

To: City Council

Through: Natalie Lewis, Deputy City Manager

From: Ruth Giese, Community Service Director
Elizabeth Morales, Housing and Community Development Director

Subject: FY 2017/18 First Substantial Amendment to FY17/18 Annual Action Plan Covering the Following Programs:
Community Development Block Grant (CDBG)
HOME Investment Partnership Program (HOME)
Council Districts: Citywide

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 2017/2018 Annual Action Plan (Amendment) for submittal to the Department of Housing and Urban Development (HUD). Authorization is requested to approve the funding recommendations with resolutions authorizing the City Manager to proceed with the Amendment to HUD for FY2017/2018 funding through the CDBG and HOME programs.

The City has a total of \$625,000 in Community Development Block Grant (CDBG) and \$1,254,802 in HOME Investment Partnership program (HOME) funding from prior and current year, as well as program income funding that is unallocated and must be reprogrammed in order to meet HUD's 1.5 expenditure timeliness requirements. City staff is proposing City Council approve the Amendment allowing for reprogramming these CDBG and HOME funds for the following activities:



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.

Community Development Block Grant (CDBG)

- Pepper Place Apartments: \$250,000
- Downtown Façade Improvements: \$125,000
- Eagles Park: \$150,000
- Main Library: \$100,000

These projects are shovel ready or ongoing which will help with meeting our timeliness requirements.

HOME Investment Partnership Program (HOME)

- Community Housing Development Organization (CHDO) Activities: \$668,717
- Homeownership Activities \$586,085

Based on Council direction on October 5, 2017 Council Study Session, staff is recommending approval of this Amendment as submitted.

Background

The City's Annual Action Plan (AAP) for FY 2017/2018 contains the goals and strategies for the 2017/2018 Fiscal year, including specific activities recommended for funding through the CDBG, HOME, and Emergency Solutions Grants (ESG) programs. These formula grant program funds are allocated annually to the City from the 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 17/18 program year.

In accordance with Title 24, Section 91.505 of the Code of Federal Regulations, the City is submitting this Amendment to its FY2017/18 AAP. The Amendment describes program and funding amendments as proposed by the Housing Community Development (HCD) division of the Department of Community Services.

The AAP is required to be consistent with City's Five-Year Consolidated Plan (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 as priority affordable housing, homeless, special needs and community development (non-housing) issues. The Consolidated Plan was approved by City Council on April 20, 2015. The Amendment is consistent with the Consolidated Plan.

Discussion

The Amendment is necessary because the City is proposing to utilize prior year and current year unallocated funds, as well as current year program income, not previously approved in the AAP.

The Housing & Community Development Advisory Board, in a 6-0 vote on September 7, 2017, made a formal recommendation that the Amendment be adopted by City Council as submitted.

At the City Council Study Session on October 5, 2017, direction was given to allocate the additional funds to the projects and activities listed above.

A 30-day public comment period for the Amendment began on October 5, 2017 and concluded on November 3, 2017. Public hearings for the Amendment were held at the Housing & Community Development Advisory Board meeting on October 5, 2017 in the Lower Council Chambers and at the Mesa City Plaza located at 20 E. Main St., Room 170W, Mesa AZ 85201 on October 16, 2017. The public hearings provide the general public with an opportunity to comment in person on the Amendment. No comments were received at the hearings.

Fiscal Impact

CDBG funds are required by HUD to be used in a timely manner. Only 1.5 times the City's CDBG annual allocation can remain in the line of credit unspent. Failure to meet the expenditure requirements may jeopardize future funding allocations. Without the Amendment, the City would leave \$625,000 in funding unallocated, which may impact the City's future funding by not meeting HUD's 1.5 expenditure ratio.

For HOME program funds, failure to commit the funds at issue would affect the City's ability to comply with HUD requirements for the HOME program, resulting in HUD recapturing \$1,254,802 in HOME program funds.

Coordinated With

The proposed Amendment has been released for review and comment to the public, funding applicants, City departments affected by the potential funding allocation, and the Housing and Community Development Advisory Board.