



City Council Report

Date: January 3, 2019

To: City Council

Through: Natalie Lewis, Deputy City Manager
Ruth Giese, Community Services Director

From: Elizabeth Morales, Housing and Community Development Director

Subject: Supplemental Funding Recommendations First Substantial Amendment to FY 2018/2019 Annual Action Plan

Purpose and Recommendation

The purpose of this report is to request direction from City Council on the staff recommendations for City of Mesa's First Substantial Amendment (Amendment) to the FY 2018/2019 Annual Action Plan (AAP) for submittal to the Department of Housing and Urban Development ("HUD"). Council direction is requested for the funding recommendations as staff starts the 30-day public comment period. Staff will return in February with a final recommendation, public comments, and resolutions for approval.

The City has a total of \$740,000 in CDBG from prior years, as well as program income funding that is unallocated and must be reprogrammed. City staff is proposing the following recommendations for the Amendment, by allowing for reprogramming of these CDBG funds for the following activities:

In addition, City staff is proposing an additional \$150,000 of unallocated HOME Investment Partnership (HOME) funds be added to the Home Ownership Assistance (HOA) program.

Background

At the September 27, 2018 Study Session, Housing and Community Development (Department) staff informed Council of the availability of prior years' allocations available for reprogramming. Council directed the Department to announce the availability of federal Community Development Block Grant (CDBG) funding to be used for the funding of eligible public facilities and improvement projects.

A Notice of Funding Availability (NOFA) was issued on September 30, 2018 requesting submission of proposals from interested parties on or before October 10, 2018. Proposals

were required to meet CDBG eligibility requirements, including benefit to persons of low- to moderate-income, and the proposed projects would need to be completed on or before June 30, 2019.

Discussion

Applications were due on October 10, 2018. Seventeen proposals were received. After conducting our initial eligibility review, staff determined that all proposals submitted were found to represent eligible CDBG activities. Attachment A provides a summary of the organizations and the submitted proposals.

On October 27, 2018 the Housing and Community Development Advisory Board (HCDAB) reviewed proposals based on criteria established by the Department and in accordance with CDBG program requirements. HCDAB scored all proposals, which can be found on Attachment B.

Staff submits recommendations for funding based on HCDAB scoring and Council direction provided in the September 27th Council Study Session, which was to give consideration to proposals that demonstrate collaboration, leveraging, shovel ready projects, and projects which address homelessness. This decision is also based on the ability of the applicants to complete projects on or before June 30, 2019, community benefit, budget consideration, and meeting consolidated plan goals. The recommendation is as follows:

A New Leaf	\$65,000
Ability 360	\$50,000
Heat Sync Labs	\$22,190
House of Refuge	\$10,000
Mesa United Way	\$283,482
NEDCO COHOOTS	\$100,000
Oakwood	\$85,000
Parks - Jefferson	\$55,000
Sojourner Center	\$32,680
United Food Bank	\$65,000
Total	\$733,482

The \$150,000 of HOME funds is needed to address the increase request for down payment assistance from homebuyers entering the housing market. These buyers are at 80% area median income (AMI) or below and receive financial assistance so that their monthly mortgage payment does not exceed 31% of their gross income thus increasing their success of homeownership.

Alternatives

1. Conduct a special funding round and return to Council with recommended projects to receive funding.

2. Roll over funds to the 19/20 funding competition. Note: this is not recommended by staff because delaying expenditure of these funds could impact the 1.5% ratio and commitment deadlines required by HUD.

Fiscal Impact

The CDBG and HOME programs are fully funded by HUD. There are no City General Funds included in this report. Failure to expend funds timely could result in reduction in funding by the federal government.

Coordinated With

If Council directs staff to hold a special funding round, staff will present funding recommendations to Housing and Community Development Advisory Board for their input prior to returning to Council.