

City Council Report

Date: February 25, 2019

To: City Council

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

From: Elizabeth Morales, Housing and Community Development Director

Subject: First Substantial Amendment to FY18/19 Annual Action Plan
(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 2018/2019 Annual Action Plan ("Amendment") for submission 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.

The City has a total of \$733,482 in Community Development Block Grant (CDBG) and \$150,000 in HOME Investment Partnerships Program (HOME) funding from prior and current year, as well as program income funding that is unallocated and must be reprogrammed. City staff is proposing City Council approve the Amendment allowing for reprogramming these CDBG funds for the projects outlined in Attachment A, \$250,000 in CDBG funds to provide additional funding in support of the completion of East Valley Adult Resources EVAR public facilities improvements, and \$150,000 for Homeownership Activities under the HOME program.

Staff is recommending approval of this Amendment as submitted.

Background

The City's Annual Action Plan (AAP) for FY 2018/2019 contains the goals and strategies, including specific activities recommended for funding through the



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CDBG, HOME, and Emergency Solutions Grants (ESG) programs. These formula grant program funds are allocated annually to the City from 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 2018/2019 program year.

The public facilities improvement for the EVAR building, owned by the City of Mesa, has received previous award from CDBG to complete the renovation of this building which provides programming and activities for seniors. However, due to rising costs, this project requires an additional \$250,000 to complete the project.

On January 3, 2019, Council approved staff recommendations for amending the City's Consolidated Plan which identifies housing and community development priorities by undertaking public works and economic development activities. These amendments were identified in the 2018 CDBG Supplemental Notice of Funding Availability (NOFA), and provide an additional \$150,000 of unallocated HOME Investment Partnerships Program (HOME) funds to support the City's Homeownership Assistance Program.

Discussion

The Substantial Amendment is necessary since 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 heard presentations and scored the projects on November 27, 2018.

At the City Council Study Session on January 3, 2019 direction was given to allocate the additional funds to the projects and activities listed in Attachment A, additional funding to the EVAR project, and to Homeownership Assistance activities.

A thirty-day public comment period for the Amendment began on January 10, 2019 and concluded on February 9, 2019. Public hearings to provide the general public with an opportunity to comment in person regarding the Amendment were held at January 23, 2019 and January 31, 2019 at the Mesa Fire Station #20. No comments were received at the hearing.

Fiscal Impact

CDBG funds are required by HUD to be used in a timely manner. Only 1.5 times of 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 \$733,482 in CDBG funding unallocated, which may impact the City by not meeting HUD's 1.5 expenditure ratio.

For HOME program funds, failure to commit these funds would affect the City's ability to comply with HUD requirements for the HOME program possibly resulting in recapture of HOME program funds by HUD.

Coordinated With

The Citizen Participation thirty-day comment period requirement set by HUD for participation in these federal programs was met as the proposed Amendment was released to the public, applicants, other City departments and the Housing and Community Development Advisory Board for review and/or comment.