

ITEM # 18a&b
DATE 04/14/15

COUNCIL ACTION FORM

SUBJECT: REQUEST FOR TIME EXTENSION TO SUBMIT THE 2015-16 CDBG ANNUAL ACTION PLAN AND SETTING DATE FOR CITY COUNCIL PUBLIC HEARING ON SUBMITTAL OF THE 2015-16 ANNUAL ACTION.

BACKGROUND:

The Annual Action Plan outlines the program activities that will be undertaken to address or meet the goals and priorities established in the Consolidated Plan. Department of Housing and Urban Development (HUD) regulations require that the plan must be published for 30 days prior to the plans approval to allow for citizen input on the goals and objectives for the utilization of the funds. For the upcoming fiscal year, the deadline is May 17, 2015 to have completed public review and have the City Council approve the plan for submitting it to HUD.

At the March 3, 2015 City Council meeting, staff shared feedback from the public forums, and recommend that the project activities for 2014-15 continue for 2015-16. City Council approved this recommendation along with an anticipated program budget of approximately \$1,087,438 and authorized staff to draft the 2015-16 Action Plan for the 30-day comment period and set May 12, 2015 as the date for the public hearing for the submittal of the Plan to HUD on or before May 17th.

Of the \$1,087,438 anticipated program budget for the 2015-16 program year, \$600,000 has been budgeted under the Acquisition/Reuse Program. **Due to the large commitment of funds to a specific activity, staff would like to request an additional month to review the feasibility of being able to acquire property or to provide infrastructure to develop property for affordable housing in manner that will meet the timeliness test for the next fiscal year. If we determine it may not be feasible to meet our timeliness test with one large program allocation, an alternative program or funding strategy may be proposed for the Annual Action Plan before it is approved.** Staff will also further refine its budget estimates for all programs in the plan. **Therefore, staff is requesting that City Council approve this request for a time extension for submittal an Annual Action Plan.**

The revised timeline would be as follows:

- Completed the Annual Action Plan by May 5
- Publish Plan for a 30-day comment period from May 6 to June 5
- Hold City Council's public hearing on Plan on June 9
- Submit Plan to HUD on or before June 12

Staff has been in communication with HUD regarding this request and they have indicated that an extension should not be problematic. Staff does not believe the extension will substantially delay the federal release of funds for the next fiscal year allocation. The City will have remaining rollover funds to continue funding of programs until the release of funds.

ALTERNATIVES:

1. The City Council can approve a request for a time extension to submit the CDBG 2015-16 Annual Action Plan to the Department of Housing and Urban Development on or by June 12th and setting June 9th as the date to hold the Public Hearing for approval of the Action Plan.
2. The City Council can approve a request for a time extension to submit the CDBG 2015-16 Annual Action Plan to the Department of Housing and Urban for some other date than recommended in Alternative #1.

CITY MANAGER'S RECOMMENDED ACTION:

Requesting a time extension of approximately one month to submit the 2015-16 Annual Action Plan to HUD and setting June 9th and the date for the public hearing will give staff some additional time to pursue options for either acquiring property or to provide infrastructure to develop property for affordable housing as outlined in the 2014-18 Consolidated Plan goals and priorities.

This one month extension should not have a major impact on the timeliness expenditures of funds test that is implemented by HUD for all program recipients. We anticipated that this additional time will enhance our ability to meet the timely expenditures requirement by having a more define options for how the funds will be spent. Requesting the extension in advance of adopting the plan to refine its implementation would be prudent at this time versus considering an amendment to the plan after its adoption.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve a request for a time extension to submit the CDBG 2015-16 Annual Action Plan to HUD or by June 12, 2015 and setting June 9, 2015 and the date of public hearing.