

COUNCIL ACTION FORM

SUBJECT: 2020-21 PROPOSED ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME PROGRAMS

BACKGROUND:

As part of the City's approved 2019-23 Five-Year Community Development Block Grant (CDBG) and HOME Consolidated Plan, the City must submit an Annual Action Plan that outlines the proposed activities and budget to be implemented in the upcoming year. These activities should be consistent with the goals and priorities identified in the Consolidated Plan. The goals and priorities that the City identified in its 2019-23 Consolidated Plan are outlined in Attachment 1, along with the housing barriers that were identified 2019 Fair Housing Impediments Study.

The activities identified in the Annual Action Plan should address the housing and community development needs of low- and moderate-income persons as well as the housing and community development needs of non- low- and moderate-income persons in the community. The Annual Action Plan can address one or all of the goals and priorities of the housing and community development needs identified in the Consolidated Plan.

HUD regulations require that the Annual Action Plan be submitted for approval within 45 days of the beginning of the program fiscal year (i.e., by May 17, 2020). It also requires that the Plan be published for a minimum of a 30-day comment period to allow for citizen input on the proposed project(s) and utilization of the funds.

Although the 2020 CDBG and HOME funding allocations for entitlement cities has not yet been announced, it is time to begin the process for determining the 2020-21 Annual Action Plan Projects.

Prior to proposing activities for the Annual Action Plan, staff reviews the following HUD guidelines that outline the following key steps:

- Determine if the proposed activity is included in the listing of eligible activities;
- Determine if the proposed activity meets the City's Consolidated Plan priority goals for addressing the needs of low- and moderate-income persons within the community;
- Determine if the proposed activity can meet one or more National Objectives;
- Ensure that carrying out the activity will meet HUD's requirement that 70% of the grantee's CDBG expenditures, over a three-year period, will be on activities that benefit low- and moderate-income persons; and
- Meet the performance measurements requirements.

As a reminder, at the January 28, 2020 City Council meeting, the City Council adopted an Amendment to the 2019-20 Annual Action Plan as outlined in Attachment 2. The major change to the Amendment was switching the Acquisition/Reuse for Affordable Housing to a installing a Shared Use Path from Franklin Park to S. Wilmoth, which will include the

acquisition, relocation and demolition of a single-family house to clear the path to S. Wilmoth. Staff is currently in the process of submitting that request to HUD for approval.

In addressing the 2020-2021 Annual Action Plan projects, staff is proposing (see Attachment 3) the following program projects for consideration:

1. Utilize both CDBG and HOME funds to complete the 321 State Avenue Subdivision, which will include public infrastructure and new home construction.
2. Homebuyer Down Payment and Closing Cost Assistance Program
3. Utilize CDBG to acquire, demolish, or rehabilitate deteriorated housing citywide; to then sell or transfer these lots or houses to non-profit housing organizations to provide to low income households for rent or purchase. Note, where possible this program could assist in converting single-family rental properties back to single-family home ownership.
4. Utilize CDBG funds to complete of the Shared Use Bike Path installation authorized by the recent Action Plan Amendment.

Staff believes that focusing on these four projects for the 2020-21 program year will:

- Continue to make an impact on the need identified in the 2019-23 Consolidated Plan and 2019 Fair Housing Impediments Study;
- Be consistent with the City Council's goals and priorities to focus on neighborhood sustainability by improving and expanding the housing stock for in low- and moderate-income households and in our vital core neighborhoods.
- Help meet HUD's timely expenditure requirements.
- Provide a 100% benefit to low- and moderate-income persons.

As noted previously, the City has not been notified of the amount of CDBG or HOME funds that will be allocated for 2020-21 program year for CDBG. However, we have been advised, for planning purposes, to use the 2019-20 CDBG allocation of \$581,207 and HOME allocation of \$481,968 for the 2020-21 Action Plan projects.

Of the \$581,207 of CDBG funds, approximately \$464,965 are available for programming for FY 2020-21. Staff is cautiously anticipating a FY 2019-20 rollover balance of approximately \$600,000, and anticipated FY 2020-21 program income of \$300,000. The majority of program income is anticipated to come from the sale of the 6th Street property. An additional \$250,000 was allocated to the 321 State Avenue project from G.O. Bond revenue in FY 2017-18. Therefore, the total projected revenue is estimated to be \$1,731,207 (including administration).

Of the \$481,968 of HOME funds, approximately \$361,476 is available for programming for 2020-21. Staff under this program is anticipating a rollover balance of approximately \$959,878 remaining from program years FY 2018-19 and FY 2019-20. Therefore, the total projected revenue is estimated to be \$1,441,846 (including administration).

Staff is recommending that the anticipated combined budgets of \$3,173,053 (\$1,731,207+ \$1,441,846) be allocated to the project activities outlined above (see Attachment 3). The need to expand the supply of affordable housing for low and moderate income households can best be accomplished through the implementation of the Homebuyer Assistance Program, New Home Construction Program, Public Infrastructure Improvements Programs and Acquisition/Reuse Program. **These program amounts represent about 78% of the total funding being directed towards housing related programs.**

Once City Council provides direction for the proposed FY 2020-21 Annual Action Plan projects, staff will proceed with hosting public forums for citizen input and feedback. Public feedback will be shared with City Council for final project selection in early March. Staff will then proceed with preparing the FY 2020-21 Annual Action Plan for the 30-day public comment period and City Council's approval prior to May 17th.

ALTERNATIVES:

1. The City Council can approve the proposed 2020-21 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Programs, as outlined above, and direct staff to host public forums for citizen input and feedback prior to finalize the draft 2020-21 Annual Action Plan.
2. The City Council can approve the proposed 2020-21 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above and host public forums for citizen input and feedback, with modifications.
3. The City Council can refer this item back to staff with further direction.

CITY MANAGER'S RECOMMENDED ACTION:

Although the FY 2020-21 Action Plan cannot be submitted to HUD until the City is officially notified regarding allocation amounts, it is important to start the process to select the program projects and seek public input to be prepared to adjust the budget once the FY 2020-21 allocation has been announced.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. Thereby approving the proposed FY 2020-21 Annual Action Plan program projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above, and direct staff to host public forums for citizen input and feedback prior to finalize the draft 2020-21 Annual Action Plan.

ATTACHMENT 1

2019-23 Five-Year Consolidated Plan Goal and Priorities

Goals and Priorities to address Low and Moderate Income residents in the community.

1. Utilize and leverage CDBG and HOME Funds through “private, non-profit, and public” partnerships to create, sustain, and expand affordable housing for low and moderate income households through:

- Increase supply of single family or two family housing for ownership in the Neighborhood Revitalization Strategy Area (NRSA);
- Reduce the cost burden for low income households to access or maintain rental housing citywide;
- Increase the affordability, quality, and availability of owner housing for homeowners citywide.

Goals and Priorities to address the major Housing and Community Development needs of Non-Low and Moderate Income residents in the community

1. Utilize and leverage CDBG* and HOME Funds through “private, non-profit and public” partnerships create, sustain, and expand housing for NON-low and moderate income households through:

- Integrate affordable and market rate residential developments;
- Remove blight and deteriorated housing to reuse into new housing;
- Support and address code enforcement of deteriorated housing;
- Remove blight and deteriorated housing in flood plain and other hazardous areas.

2019-20 Fair Housing Impediments Study Barriers and Needs

1. The supply of housing for lower income households for renting; and
2. The cost of housing for lower income households for both renting and home buying.

The major difference from the 2014-19 data, is that the cost of housing is now #1 and the availability is of housing is now #2.

ATTACHMENT 2

2019-20 SUBSTANTIAL AMENDED Action Plan Expenditure Budget:	
Programs	Budget
Acquisition/ Reuse Program for Public Infrastructure for a Shared Use Bike Path Installation	\$400,000
Acquisition/Reuse Program for Affordable Housing	\$10,000
Homebuyer Assistance Program	\$300,813
Public Infrastructure Improvements Program for State Avenue NRSA (including Engineering costs+ GO Bond)	\$763,745
Rehabilitation/Disposition of 241 Village Drive	\$45,000
Demolition of 3305 Morningside	\$16,070
HOME Homeownership Construction Program	\$923,976
General Administration for CDBG & HOME	CDBG: \$116,241 HOME: \$120,947
Total	\$2,696,792
PROPOSED AMENDED 2019-20 Action Plan Revenue Budget:	
2019-20 CDBG Allocation	\$581,207
2018-19 CDBG Program Rollover	\$462,820
2019-20 CDBG Anticipated Program Income	\$357,842
Non-CDBG Revenue-GO Bonds	\$250,000
2019-20 HOME Allocation	\$481,968
18-19 HOME Anticipated Program Rollover	\$747,750
Adjustment for HOME CHDO Set-Aside	-\$184,795
Grand Total CDBG & HOME	\$2,696,792

ATTACHMENT 3

Proposed 2020-21 Action Plan Expenditure Budget:	
Programs	Budget
Share Use Bike Path/Acquisition/ Reuse Program for Public Infrastructure	\$425,000
Acquisition/Reuse Program for Affordable Housing	\$150,000
Homebuyer Assistance Program	\$300,813
Public Infrastructure Improvements Program for State Avenue NRSA (including Engineering costs+ GO Bond)	\$739,153
HOME Homeownership Construction Program	\$1,285,452
General Administration for CDBG & HOME	CDBG: \$116,241 HOME: \$156,394
Total	\$3,173,053
PROPOSED 2020-21 Action Plan Revenue Budget:	
2019-20 CDBG Allocation	\$581,207
2019-20 CDBG Program Rollover	\$600,000
2020-21 CDBG Anticipated Program Income	\$300,000
Non-CDBG Revenue-GO Bonds	\$250,000
2020-21 HOME Allocation	\$481,968
19-20 HOME Anticipated Program Rollover	\$959,878
Grand Total CDBG & HOME	\$3,173,053