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**Title:** Actions pertaining to Substantial Amendment 2017-02 to the FY 2016-2017 (FY 2017) Annual Action Plan:  
 1. HEARING to obtain public comments regarding the implementation of proposed Substantial Amendment 2017-02; and  
 2. RESOLUTION adopting Substantial Amendment No. 2017-02 to the FY 2017 Annual Action Plan; approving submission to the U.S. Department of Housing and Urban Development (HUD) for reprogramming \$1,054,879 of Community Development Block Grant (CDBG) program funds.

**Sponsors:** Planning and Development Department

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A - Resolution, 2. Exhibit B - Substantial Amendment

Date	Ver.	Action By	Action	Result
6/15/2017	1	City Council	approved	Pass

**REPORT TO THE CITY COUNCIL**

**June 15, 2017**

**FROM:** JENNIFER CLARK, Director  
Development and Resource Management

**THROUGH:** KELLI FURTADO, Assistant Director  
Development and Resource Management Department

**BY:** TOM MORGAN, Housing Manager  
Housing and Community Development Division

**SUBJECT**

Actions pertaining to Substantial Amendment 2017-02 to the FY 2016-2017 (FY 2017) Annual Action Plan:

- HEARING to obtain public comments regarding the implementation of proposed Substantial Amendment 2017-02; and
- RESOLUTION adopting Substantial Amendment No. 2017-02 to the FY 2017 Annual Action Plan; approving submission to the U.S. Department of Housing and Urban Development (HUD) for reprogramming \$1,054,879 of Community Development Block Grant (CDBG) program funds.

## RECOMMENDATIONS

Housing and Community Development Staff recommends:

1. The Fresno City Council obtain the views and comments from interested persons regarding Substantial Amendment No. 2017-02; and
2. The Fresno City Council approves Substantial Amendment No. 2017-02.

## EXECUTIVE SUMMARY

Staff has identified \$1,054,879 in CDBG savings and cancelled projects that can be reprogrammed for eligible activities. Due to the uncertainty of the federal budget process for the upcoming 2017-2018 fiscal year (FY 2018), staff is proposing that Substantial Amendment No. 2017-02 is considered and approved, allowing the City to utilize funds expediently. In order to reprogram CDBG funds, HUD requires a Substantial Amendment to the FY 2017 Annual Action Plan (Substantial Amendment).

## BACKGROUND

In 2017, staff began a process to identify funds that could be reprogrammed that resulted in \$1,054,879 in savings and cancelled projects for CDBG eligible activities. In order to reprogram these funds, HUD requires a Substantial Amendment to the FY 2017, Annual Action Plan.

The planning process also involves conducting a public hearing on the Draft Substantial Amendment and providing recommendations to the City Council. The table below summarizes the citizen participation component of the planning process. It is important to note the City provided notices in English in the Fresno Bee and Spanish in the Vida en el Valle, with a notice in Hmong provided to KBIF AM 900. Additionally, notices were distributed electronically to the e-mail distribution list of over 500 addresses used by the Development and Resource Management Department. The City also made the Substantial Amendment available on the City's Website, at the City Clerk's Office, the Downtown Library, and in the Development and Resource Management Department's office.

<b>Citizen Participation</b>	<b>Date</b>
Public Notice Published in Fresno Bee	May 10, 2017
Draft Substantial Amendment published - Minimum 30 day public review period	May 12, 2017
Public Notice Published in Vida en el valle	May 17, 2017
Electronic distribution	May 18, 2017
Notice announced on KBIF AM 900	May 25, 2017
Public Review Period closed	June 12, 2017
HCDC Public Hearing and consideration of Draft Substantial Amendment for recommendation to City Council	June 14, 2017
City Council Public Hearing and consideration of the Substantial Amendment	June 15, 2017

The program savings and cancelled projects include the following four categories:

1. Highway City Community Center: The City awarded CDBG funds for the construction of a new community center. After award, the lead agency declined the award due to federal rules triggering prevailing wage requirements and disproportionately raising the cost of the project.
2. Lead Paint Abatement Administration: Staff and overhead costs associated with a HUD Lead Paint Abatement program were planned as matching funds. However, the City did not receive the grant award or implement the program, resulting in the need to reprogram related funds.
3. Public Facilities and Improvements: The final FY 2017 Annual Action Plan did not include two proposed projects (façade and business incubator), resulting in unallocated projects awaiting a substantial amendment process.
4. Neighborhood Revitalization Team (NRT) Administration: Staff and overhead costs associated with the NRT were planned. However, vacancies and a delay in hiring resulted in savings that need to be reprogrammed.

<b>Savings and Cancelled Projects (Source of Funds)</b>	<b>Amount</b>
Highway City Community Center (Cancelled - Declined Award)	\$ 329,000
Lead Abatement Administration (Savings)	\$ 220,000
Public Facilities and Improvements (To be Reprogrammed)	\$ 263,000
NRT Administration (Savings)	\$ 242,879
<b>Total</b>	<b>\$1,054,879</b>

Due to the uncertainty of the federal budget process for the upcoming FY 2018, staff is proposing the following four activities be funded through Substantial Amendment 2017-02 utilizing existing funds:

1. Housing Rehabilitation: Funds will be used to pay for staff and overhead costs related to the housing rehabilitation, senior paint, and lead paint abatement programs administered by the City.
2. Lead Paint Abatement: CDBG funds will be granted to qualifying properties (approximately 13) occupied by low income households to eliminate lead paint hazards. Please note that additional funds are also proposed in the 2017-2018 Annual Action Plan.
3. Section 108 Loan Repayment: The Section 108 loan repayments are fixed by a contractual obligation to HUD, the first payment is due on August 1, 2017. The loan are for projects related to the Regional Medical Center (final payment 2018), the Fresno Madera Area Agency on Aging (final payment 2020), and Neighborhood Streets/Parks (final payment 2023).
4. Senior Hot Meals Program: CDBG funding will provide for uninterrupted weekday meals and programming for limited clientele in targeted neighborhood community centers; compliments other clientele socialization activities. Locations include (1) Lafayette (2) Mary Ella Brown (3) Mosqueda (4) Pinedale (5) Senior Citizens Village and (6) Ted C Wills. Please note that additional funds are also proposed in the 2017-2018 Annual Action Plan.

<b>Proposed Uses of Reprogrammed Funds</b>	<b>Amount</b>
Housing Rehabilitation (Sr. Paint, Lead Paint Abatement, Rehab) Administration	\$ 210,000
Lead Paint Abatement (Program Delivery)	\$ 263,000

Section 108 Loan Repayment (Due August 1, 2017)	\$ 524,775
Senior Hot Meals Program (Additional Funding Proposed FY 2018)	\$ 57,104
<b>Total</b>	<b>\$1,054,879</b>

The City's Housing and Community Development commission (HCDC) is scheduled to make a recommendation on Substantial Amendment 2017-02 to the City Council at its June 14, 2017 meeting. Because this is the evening prior to the City Council item, a verbal update will be provided by staff to the City Council on June 15, 2017. Pending adoption by the City Council, Substantial Amendment 2017-02 will be submitted to HUD for approval, which may take up to 45 days to receive approval.

At the time of drafting this report, no public comments had been received.

### **ENVIRONMENTAL FINDINGS**

This is not a project for purposes of CEQA pursuant to CEQA Guidelines Section 15378.

### **LOCAL PREFERENCE**

Local preference is not applicable because of the use of federal funding.

### **FISCAL IMPACT**

Adoption of Substantial Amendment No. 2017-02 of the Annual Action Plan will allow the City to reprogram the \$1,054,879 of entitlement funding.

#### **Attachments:**

- Exhibit A - Resolution
- Exhibit B - Substantial Amendment