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**Title:** HEARING to obtain public comments regarding the implementation of proposed Substantial Amendment No. 2018-01 to the Fiscal Year 2018-2019 (FY 2019) Annual Action Plan

**Sponsors:** Planning and Development Department

**Indexes:**

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**Attachments:** 1. Supplement - Pamphlet.pdf, 2. Exhibit A - Substantial Amendment No. 2018-01

Date	Ver.	Action By	Action	Result
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**REPORT TO THE CITY COUNCIL**

**February 14, 2019**

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

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

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

**SUBJECT**

HEARING to obtain public comments regarding the implementation of proposed Substantial Amendment No. 2018-01 to the Fiscal Year 2018-2019 (FY 2019) Annual Action Plan

**RECOMMENDATIONS**

Staff recommends the City Council obtain the views and comments from interested persons regarding implementation of the City’s proposed activities with U.S. Housing and Urban Development (HUD) grant funding.

**EXECUTIVE SUMMARY**

Staff has identified \$2,259,784.43 in Community Development Block Grant (CDBG) funds that may be reprogrammed for eligible activities. These CDBG funds are derived from project savings (\$518,843.12), multi-year activities experiencing delays (\$624,250), activities which will be completed

through alternative funding sources (\$610,123), previously unbudgeted funds (\$316,568.31), and one cancelled project (\$190,000). In order to reprogram CDBG funds, HUD requires a Substantial Amendment to the 2018-2019 Annual Action Plan (Substantial Amendment No. 2018-01). Reprogramming these funds will allow the City of Fresno (City) to expediently utilize funds and assist the City in meeting CDBG expenditure, documentation, and drawdown requirements in time to meet HUD’s May 1, 2019, timeliness test.

Once reprogrammed, the CDBG funds are proposed to assist with land acquisition and acquisition-related costs for the Fancher Creek Senior Housing Project, a 180 unit senior rental housing project at Marion Avenue and Fancher Creek Drive. Staff anticipates bringing Substantial Amendment No. 2018-01 back for City Council consideration at a later date.

**BACKGROUND**

As part of the mandate from Congress to administer the CDBG Program, HUD is required to determine annually whether each CDBG entitlement grantee is carrying out its activities “in a timely manner.” A timeliness test is conducted by evaluating the ratio of spending to allocations wherein grantees cannot have more than 1.5 times the current program year grant in the line of credit on May 1 of each year. In December 2018, staff began a process to identify funds that could be reprogrammed and assist the City in meeting its 2019 CDBG timeliness performance metric by May 1, 2019.

SUBSTANTIAL AMENDMENT PROCESS: In order to reprogram funds, HUD requires a substantial amendment. The amendment process involves conducting a public hearing on the Draft Substantial Amendment No. 2018-01 and providing recommendations to the City Council. The table below summarizes the citizen participation component of the 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 Substantial Amendment No. 2018-01 available on the City’s Website, at the City Clerk’s Office, the Fresno County Library system, City Neighborhood and Community Centers, and at the Development and Resource Management Department’s public counter.

<b>Citizen Participation</b>	<b>Date</b>
Public Notice Published in Fresno Bee	December 27, 2018
Draft Substantial Amendment published - Minimum 30 day public review period (started)	December 27, 2018
Electronic distribution	December 27, 2018
Public Notice Read on KBIF AM 900	January 9, 2019
Public Notice Published in Vida en el Valle	January 16, 2019
Public Review Period (closed)	January 28, 2019
HCDC Public Hearing and consideration of Draft Substantial Amendment for recommendation to City Council	February 13, 2019
City Council Public Hearing	February 14, 2019

City Council Consideration of Substantial Amendment 2018-01	TBD
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**PROPOSED SOURCES TO BE REPROGRAMMED:** Staff proposes 32 projects, representing \$2,259,784.43 in savings and cancelled or delayed projects, for reprogramming. These activities are provided as Attachment A within the Substantial Amendment No. 2018-01 Exhibit.

Approximately \$610,000 of reprogrammed funds are derived from the Department of Public Works LED lighting improvements. The reprogramming of CDBG funds does not result in the cancellation of the projects identified. However, CDBG funds will no longer be utilized to complete the projects. This action is a result of both challenges meeting federal procurement regulations given the lack of bids received for lighting materials, as well as city-wide funding becoming available for similar projects after the approval of the projects through the City's 2017 Annual Action Plan. Funding for the LED lighting improvements in Pinedale, Columbia, King, Fort Miller, Jefferson, Slater, and Leavenworth-Hidalgo Neighborhoods will be provided through other City resources.

Approximately \$624,000 in Parks, After School, Recreation and Community Services (PARCS) improvements at Dickie Youth Development Center, Fink-White Neighborhood Center, and Victoria-West Park are proposed for reprogramming. Due to unforeseen delays in these multi-year projects, a portion of CDBG funds remains in the 2018-2019 Annual Action Plan to allow for continued progress, with the majority of funds proposed for reprogramming. It is expected that procurement for these delayed projects will begin before the end of February 2019. The funding necessary to complete the delayed projects will be proposed in the 2019-2020 Annual Action Plan to complete these multi-year activities. PARCS has indicated a new project manager recently began with City's PARCS Department, and the scope of work and budgets for these projects will be refined for the 2019-2020 funding cycle.

**PROPOSED USES OF REPROGRAMMED FUNDS:** CDBG funds are proposed to be reprogrammed through a CDBG Agreement with Fancher Creek Senior Housing Project, L.P for land acquisition and acquisition related costs. If approved, the CDBG Agreement will provide Developer with a CDBG Loan in the amount of \$2,259,784.43 at 2% interest for a minimum period of fifty-five years for eligible costs. 24 CFR Part 570.201(a) allows for the use of CDBG funds to acquire real property by a private nonprofit corporation. Once completed, the project will consist of 180 housing units, 92 which will be required to be occupied by low-income households at affordable rents, a community room and on- and off-site improvements.

Pending City Council and HUD approvals, it is anticipated the proposed land acquisition and related costs will be completed in April 2019 and prior to the May 1<sup>st</sup> timeliness test.

Staff anticipates bringing the CDBG Agreement back for City Council consideration at a later date.

The City's Housing and Community Development Commission (HCDC) is scheduled to hold a public hearing and make a recommendation on Substantial Amendment No. 2018-01 to the City Council at its February 13, 2019, 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 February 14, 2019.

No public comments were received by the end of the public review period on January 28, 2019.

## **ENVIRONMENTAL FINDINGS**

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

## **LOCAL PREFERENCE**

Local preference was not considered because the hearing does not include a bid or award of a construction or services contract.

## **FISCAL IMPACT**

There is no fiscal impact.

Attachment: Exhibit A - Substantial Amendment No. 2018-01