



Legislation Details (With Text)

**File #:** ID18-0575    **Version:** 1    **Name:**

**Type:** Action Item    **Status:** Passed

**File created:** 4/26/2018    **In control:** City Council

**On agenda:** 5/24/2018    **Final action:** 5/24/2018

**Title:** RESOLUTION - Adopting the 2018-2019 Annual Action Plan; approving submission to the U.S. Department of Housing and Urban Development (HUD) for application of Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With Aids/HIV (HOPWA) Program Funds; and providing for subrecipient agreements.

**Sponsors:** Planning and Development Department

**Indexes:**

**Code sections:**

**Attachments:** 1. A - FY19 Action Plan Resolution, 2. B - Fiscal Year 2018-2019 Annual Action Plan, 3. C - Appendix A Public Comments and Appendix Public Notices.pdf, 4. D – Subrecipient Agreement - CDBG, 5. E - Subrecipient Agreement - ESG, 6. F - Project Sponsor Agreement - HOPWA, 7. G - Subrecipient Agreement - HOME TBRA, 8. H - PowerPoint Presentation, 9. I - HCDC Scoring Summary, 10. J - 2018-2019 Annual Action Plan Maps .pdf, 11. Supplement - Changes to Annual Action Plan.pdf, 12. Supplement - FINAL 2018-FY2019 Annual Action Plan.pdf

| Date      | Ver. | Action By    | Action             | Result |
|-----------|------|--------------|--------------------|--------|
| 5/24/2018 | 1    | City Council | adopted as amended | Pass   |

**REPORT TO CITY COUNCIL**

**May 24, 2018**

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

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

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

**SUBJECT**

RESOLUTION - Adopting the 2018-2019 Annual Action Plan; approving submission to the U.S. Department of Housing and Urban Development (HUD) for application of Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons With Aids/HIV (HOPWA) Program Funds; and providing for subrecipient agreements.

**RECOMMENDATIONS**

Staff recommends Council adopt the Fiscal Year 2018-2019 Annual Action Plan (FY19 Action Plan) and authorize the City Manager to sign all implementing documents and subrecipient agreements required by HUD as approved to form by the City Attorney.

## **EXECUTIVE SUMMARY**

City staff initiated a comprehensive citizen engagement and action planning process in January 2018 on a schedule allowing the City to meet its original May 15, 2018, HUD submission deadline. However, HUD announced allocations on May 1, 2018. The City's revised deadline to submit the FY19 Action Plan is now 60 days after the date allocations were announced (June 29, 2018). Once submitted, HUD may take up to 45 days to review the FY19 Action Plan.

This is the second consecutive year that HUD allocation announcements delayed submission of the City's the Action Plan. The City remains accountable to timely document and draw funds by May 1st of each year. As such, staff recommends approval of the FY19 Action Plan to ensure expedient submission to HUD prior to the City's revised June 29th deadline. This will ideally result in HUD's issuance of award documents in a timely manner, and allow implementation of program activities in the FY19 Action Plan to begin as soon as possible.

## **BACKGROUND**

In order to qualify for and receive federal grant funding through HUD, the City is required to prepare a Consolidated Plan every five years, an Annual Action Plan detailing the housing, community, and economic development activities proposed for funding through the CDBG, HOME, ESG, and HOPWA programs, and a Consolidated Annual Performance Evaluation Report capturing results each year. The development of the Annual Action Plan occurs through a needs hearing, a citizen participation process, an application period, and a program budgeting process.

The FY19 Action Plan covers the period from July 1, 2018, through June 30, 2019, and is the fourth year of the current Consolidated Plan. It has been prepared to meet the HUD grant funding requirements and provides details on the City's proposed use of CDBG, HOME, ESG, and HOPWA Programs.

City staff has committed to the timely submission of the FY19 Action Plan, and began a comprehensive citizen engagement action planning process in January 2018 that would allow the City to meet the statutory May 15, 2018, deadline for submitting to HUD for approval. The City's Housing and Community Development Commission (HCDC) conducted a public needs hearing on January 24, 2018. A Consolidated Notice of Funding Availability (Consolidated NOFA) was published on February 1, 2018, and due on March 1, 2018. The HCDC conducted a funding application public hearing on March 14, 2018. Immediately following the March 14th public hearing, the HCDC scored and ranked subrecipient applications (attachment) and recommended CDBG, HOME tenant-based rental assistance program, ESG, HOPWA subrecipient funding awards and HOME affordable housing development and substantial rehabilitation allocations.

Per HUD guidance, the City published a draft plan with funding contingencies, discussed on pages 2 through 4 of the Draft FY19 Action Plan to address the difference between estimated amounts and final allocations. In the event the actual allocation was over 10% less than the estimated amount, the City may have held additional public hearings and released an amended plan for additional public

comment. Because the allocation was more, this was not necessary.

HUD’s allocations were higher than anticipated in the Draft FY19 Action Plan. As such, the Draft FY19 Action Plan proposes to address the increased allocations as follows:

**CDBG:** Administration will equal 20% of total allocation plus 20% of program income. For the Public Services category, capped at 15%, if allocation is more than estimates the City will use additional funds to support homeless programs and activities up to the capped amount. For the Public Facilities and Improvements category, if the actual allocation is more, the City will increase funding for streets, sidewalks, and park improvements in low-income areas.

**HOME:** Administration will equal 10% of total allocation plus 10% of program income; CHDO will equal 15% of total allocation plus \$150,949 of prior year carry-over funds. If allocation is more, remaining funds after the above adjustments increase funding for Housing Development.

**HOPWA:** Allotments to each eligible use will be increased based on percentage of final allocation.

**-ESG:** Allotments to each eligible use will be increased based on percentage of final allocation.

The City fulfilled its citizen participation obligation and published the Draft FY19 Action Plan for public review from March 23, 2018, through April 23, 2018. The HCDC conducted a Draft FY19 Action Plan public hearing on April 25, 2018, the final public hearing on the FY Action Plan was held by the City Council on May 10, 2018. A summary of any and all comments from public hearings will be considered and included in the FY19 Action Plan.

**Citizen Participation**

City staff began preparation of the Draft FY19 Action Plan in December 2017 through a public notice of the entitlement funding, and a Public Needs Hearing on housing and community development needs held on January 24, 2018. On April 25, 2018, HCDC held a public hearing and made recommendations regarding the Draft FY19 Action Plan as discussed above. The May 10, 2018, City Council conducted the second public hearing on the Draft FY19 Action Plan.

The table below summarizes the citizen participation component of the planning process. It is important to note the City provided notices and various communication in multiple languages.

| Citizen Participation  | Date                                     |
|--|--|
| Public Notice initiating the Annual Action Plan process in the Fresno Bee and Vida en el Valle   | Dec. 12, 2017 (Vida) Dec. 23, 2017 (Bee) |
| Flyers developed in 3 languages and provided to community centers, public libraries, e-mail distribution list of 500+ addresses, web posting, FresGo, social media including Facebook and Twitter, and various radio stations. | Dec. 22, 2017 - Jan. 24, 2018            |
| 1 <sup>st</sup> Action Plan Community Workshop - West Fresno Family Resource Center  | Jan.9, 2018                              |
| 2 <sup>nd</sup> Action Plan Community Workshop - Pinedale Community Center   | Jan. 18, 2018                            |

|   |  |
|---|--|
| Public Needs Hearing: Community Development Needs held at Housing and Community Development Commission Meeting  | Jan. 24, 2018  |
| NOFA outreach included: community centers, public libraries, e-mail distribution list of 500+ addresses, web posting,   | Feb. 14, 2018  |
| Notice of HCDC Public Hearing and Scoring of CDBG applications; Notice of Funding Availability (NOFA) published in the Fresno Bee (daily publication) and Vida en el Valle (weekly publication) | Jan. 31, 2018 (Bee) Feb. 7, 2018 (Vida)                        |
| HCDC Public Hearing and scoring of CDBG applications  | March 14, 2018   |
| Notice of Draft Fiscal Year 2018-2019 Annual Action Plan, Public Comment Period, and HCDC and City Council Public Hearings  | Mar. 23, 2018 (Bee) Mar. 23, 2018 (KBIF) April. 4, 2018 (Vida) |
| Draft FY19 Action Plan published - Minimum 30 day public review period began (outreach again included e-mail distribution, social media, FresGo, web posting, community centers, library, etc.) | Mar. 23, 2018  |
| Draft Action Plan Public Comment Period Ends  | April 23, 2018   |
| HCDC Meeting - Public Hearing and Draft Action Plan   | April 25, 2018   |
| City Council - Public Hearing   | May 10, 2018   |
| City Council - Consideration of FY19 Action Plan  | May 24, 2018   |

### FY 2018-2019 Entitlement Program Allocation

The City's allocation is detailed below:

| FISCAL YEAR ALLOCATIONS                    | CDBG               | HOME               | HOPWA            | ESG              | TOTAL               |
|--|--------------------|--------------------|------------------|------------------|---------------------|
| <b>2018-2019 Allocation (Current Year)</b> | <b>\$6,904,510</b> | <b>\$3,180,063</b> | <b>\$499,903</b> | <b>\$578,163</b> | <b>\$11,162,639</b> |
| <i>2017-2018 Allocation (Prior Year)</i>   | <i>\$6,422,423</i> | <i>\$2,204,672</i> | <i>\$441,305</i> | <i>\$569,903</i> | <i>\$9,638,303</i>  |
|  |                    |                    |                  |                  |                     |

On March 23, 2018, the Federal Fiscal Year 2018 omnibus bill was signed into law, containing funding for HUD. On May 1, 2018, HUD announced the allocations provided above. The City must submit the adopted FY 2019 Action Plan to HUD for approval within 60 days (June 29, 2018). However, in an effort to expedite implementing the activities in the FY19 Action Plan, staff is recommending adoption and submission prior to the end of May 2018.

Entitlement funds primarily address housing and community development needs of low-and moderate-income households, and as such the limited resources are prioritized to meet the greatest need. Activities that are multi-year in nature such as planning activities, infrastructure improvements and rehabilitation programs that generally take more than one year to complete may be carried over into the next fiscal year. It is important to note that for timeliness reasons, it is essential that projects

utilizing entitlement funds be implemented efficiently and effectively.

The FY19 Action Plan includes investments in capital projects such as street infrastructure, parks and community facilities as well as new investment in public services administered by local nonprofit agencies. The FY19 Action Plan also incorporates recommendations of the HCDC, public input received at the January Public Needs Hearing, input received through various public hearings, the 30-day action plan public review, Council Districts and the Mayor's Office, as well as City staff related to capacity to implement proposed projects. A summary of the activities to be funded can be found in the FY19 Action Plan under AP-38, Project Summary.

## **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 the FY19 Action Plan will allow the City to receive approximately \$11 million of new entitlement funding.

### Attachments:

- A - FY19 Action Plan Resolution
- B - Fiscal Year 2018-2019 Annual Action Plan
- C - Appendix A Public Comments and Appendix B Public Notices
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