



Staff Report

File #: 18-403

Version: 1

Date: 9/10/2018

Item #: 4.c.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Amendments to the 2018-2019 and 2017-2018 Housing and Community Development Annual Action Plans

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall City Council amend the 2018-2019 and 2017-2018 Housing and Community Development Annual Action Plans (AAP) and direct staff to submit the amendments and required forms to the U.S. Department of Housing and Urban Development?

RECOMMENDATION:

Approve amendments to the 2018-2019 and 2017-2018 Housing and Community Development Annual Action Plans (AAP) and direct staff to submit the amendments and required forms to the U.S. Department of Housing and Urban Development.

SUMMARY AND BACKGROUND:

The City of Salem receives an annual entitlement allocation from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant funds (CDBG) and HOME Investment Partnership Program funds (HOME) to assist low-to-moderate-income households. HUD requires a five-year Consolidated Plan to set goals and prioritize needs that can be helped by the CDBG and HOME programs. The current Consolidated Plan goals are economic development, ending homelessness, and expanding affordable housing

The City must submit an AAP to HUD to be eligible to receive CDBG and HOME funds. The AAP identifies all resources and proposed expenditures of CDBG and HOME funds and other federal funds

administered by HUD. Any amendments to funding for prior program years are required to follow the same public review process as the original AAP approval.

Applications for CDBG and HOME funds were solicited by the City in December of 2017. Applications were due by January 5, 2018. In February, applications were provided to the Community Services and Housing Commission (CSHC) to review and evaluate. CSHC's 2018-2019 CDBG and HOME funding recommendations were based upon anticipated funding. Subsequent to CSHC funding recommendations, HUD formally announced the 2018-2019 entitlement allocations, which were greater than anticipated.

Staff is recommending an amendment to the AAP to address three community projects that align with the CDBG program goals.

FACTS AND FINDINGS

Opportunity for Citizen Involvement

A public notice announcing the proposed AAP modifications appeared in the Statesman Journal on August 7, 2018. A public comment opportunity was provided at the August 22, 2018, Community Services and Housing Commission meeting. Notice was also provided as a press release including outreach to local minority publications and neighborhood associations. The report was available at the Salem Public Library, the Urban Development Department at 350 Commercial Street NE, the City of Salem web site, and at the City of Keizer Department of Community Development. Keizer is a member of the Salem-Keizer HOME Consortium.

The 2018-2019 and 2017-2018 projects to be added in the proposed amendment to the AAP address priorities identified in the 2015-2019 Consolidated Plan. Several of the recommended projects also address goals in the City's Strategic Plan and the Mid-Willamette Homeless Initiative work plan.

Amendment #1 to the 2018 Annual Action Plan:

Goal 2: End Homelessness

Homeless case management, interim housing assistance (subsistence payments), and case management for victims of domestic violence and human trafficking. Additional program activities include a homeless day center with one-stop access to services, providing tenant based rental assistance to families that are homeless, and window replacement at a domestic violence assistance facility. The proposed amendment will:

- Increase funding for Women at the Well by \$7,806 for case management. This grant increase is due to HUD's annual CDBG formula allocation exceeding the anticipated amount of funding when the application was considered.

Goal 3: Expand Affordable Housing

Rehabilitation of multi-family affordable units, new construction of multi-family affordable units, and

one-time security deposit assistance. The proposed amendment will:

- Award \$30,000 in HOME funding to Willamette Neighborhood Housing Services for administrative operations as a designated Community Housing Development Organization (CHDO). This project application was not originally funded due to the lower anticipated amount of funding when the application was considered.
- Award \$240,000 in HOME funding to Northwest Housing Alternatives for rehabilitation of Oakhill / Sunnyslope housing developments. This project application was not funded due to the lower anticipated amount of funding when the application was considered.
- Award \$85,000 in CDBG funding to St. Francis Shelter for an emergency roof repair of a homeless facility for families. This proposed allocation is due to HUD's annual CDBG formula allocation exceeding the anticipated amount of funding. This request for emergency funding was submitted after the application process. Staff reviewed the request and determined the eligibility of the activity.

Amendment #2 to the 2017 Annual Action Plan:

Goal 3: Expand Affordable Housing

Rehabilitation of multi-family affordable units, new construction of multi-family affordable units, and one-time security deposit assistance. The proposed amendment will:

- Reallocate \$425,000 in CDBG funding, previously allocated to the Salem Housing Authority (SHA) for Yaquina Hall, to allow for the acquisition of a multi-family housing complex and additional land located at 4107 Fisher Road. The property will be rehabilitated by SHA to provide housing for persons who are unsheltered. This reallocation request is to address the City's desire to provide housing choice options and increase expenditure of CDBG funding. The Yaquina Hall project will receive an allocation of \$425,000 in 2019 funding as reimbursement. This modification was considered after the application process. Staff reviewed the request and determined the eligibility of the activity.
- Reallocate \$75,000 in CDBG funding, previously allocated to the Salem Housing Authority (SHA) for Yaquina Hall award and allocate an additional \$15,000 in currently uncommitted CDBG funds, for a total of \$90,000 in CDBG funding to the Center for Hope and Safety (CHS) for demolition and staff project costs associated with the former Greyhound Bus terminal located in downtown Salem. The vacant site will be used for new construction of a housing development for victims of domestic violence and sex trafficking. CHS owns the property and the demolition is necessary for community safety reasons. This reallocation request is to address the City's desire to increase housing choice options and expenditure of CDBG funding. This modification was considered after the application process. Staff reviewed the request and determined the eligibility of the activity. The Yaquina Hall project will receive an allocation of \$75,000 in 2019 funding as reimbursement.

The total amount to be reallocated from the SHA Yaquina Hall award is \$500,000, which will be reimbursed from 2019 funding. This will allow the City to meet HUD requirements which limit the amount of unspent funds to 1.5 percent of the City's current CDBG allocation. Funds must be expended by April 2019 to stay under this limitation and the Yaquina Hall project will not be able to expend funds within this timeframe.

Public Process

A 30-day comment period on the proposed AAP amendments began on August 7, 2018. The public comments and responses are included as Attachment A in the AAP. Prior to submitting the AAP amendments to HUD, a public hearing and City Council adoption is required.

Shelly Ehenger
Federal Programs Manager

Attachments:

1. Amendments to 2018-2019 and 2017-2018 Action Plans