



Date: March 19, 2013

To: Thomas J. Bonfield, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Reginald J. Johnson, Director
Department of Community Development
Subject: Public Hearing on and Approval of the Draft FY 2013-2014
Annual Action Plan

Executive Summary

The Citizen Participation Plan contained in the 2010-2015 Consolidated Plan requires that two (2) public hearings be held prior to the submission of the Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD). The purpose of the first public hearing is to receive citizen comments on housing and community development needs. That public hearing was held on February 4, 2013. The purpose of the second public hearing is to receive citizen comment on the City's Draft Annual Action Plan, which specifies the allocation of Community Development Block Grant (CDBG), Home Investment Partnership (HOME) and Emergency Solutions Grant (ESG) funds. The Durham County Board of Commissioners will hold a second public hearing on the Draft Plan and approval on April 22, 2013.

The regulations of the U.S. Department of Housing and Urban Development (HUD) require that the approved Annual Action Plan be received in the respective HUD Field office no later than May 15.

Recommendation

The Department of Community Development recommends that the City Council hold a public hearing on April 15, 2013 to receive citizen comments on the Draft 2013-2014 Annual Action Plan for the use of CDBG, HOME and ESG funds and approve the Draft 2013-2014 Annual Action Plan for submission to the U.S. Department of Housing and Urban Development (Attachment A); authorize the City Manager to execute all administrative requirements and contractual documents necessary for implementation of the Annual Action Plan to include all CDBG, HOME and ESG program agreements and related documents; adopt the City of Durham/U.S Department of Housing and Urban Development Community Development Block Grant project ordinance in the amount of \$1,564,678.00 (Attachment B); adopt the City of Durham/U.S. Department of Housing and Urban Development HOME Investment Partnership Program grant project ordinance in the

amount of \$1,082,712.00 (Attachment C); and adopt the City of Durham/U.S. Department of Emergency Housing Solutions Grant project ordinance in the amount of \$150,000.00. (Attachment D).

Background

As an entitlement city, Durham has been the recipient of CDBG funds since 1975 and HOME Consortium funds since 1992. CDBG funds have primarily been used for housing activities, public services, code enforcement and public infrastructure. HOME Consortium funds have been used for affordable housing activities as required by HOME program regulations. Durham has also been a recipient of Emergency Shelter Grant funds presently known as the Emergency Solutions Grant funds from HUD. The change in the program's name reflects the change in the program's focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

The Annual Action Plan is Durham's application to the U.S. Department of Housing and Urban Development for the upcoming fiscal year's funding and outlines the actions Durham is taking with HUD-awarded funds to meet the goals as described in the 2010-2015 Five Year Consolidated Plan. HUD regulations require that the City submit the Council-approved Annual Action Plan by May 15th.

The Five-Year Consolidated Plan identified the following priorities for housing related activities:

1. Neighborhood Stabilization and Revitalization;
2. Special Needs Housing;

Issues/Analysis

The adopted Citizen Participation Plan requires that at least a 14-day notice be given to the public concerning the scheduling of an Annual Action Plan public hearing. In order to inform citizens of the upcoming public hearing, notices have been published in the *Herald-Sun* and the *Carolina Times*.

Both CDBG and HOME funds are used to support ongoing homeownership, housing rehabilitation/repair, code enforcement and other initiatives administered by the Department of Community Development and the Department of Neighborhood Improvement Services. An advertised application workshop was held on November 28, 2012 with a submission date of January 10, 2013.

All applications for CDBG, ESG and designated general funding were evaluated by not less than three Community Development project managers based on the established review criteria delineated in the respective application guidelines. HOME funds were not included in the application process and only HOME Community Housing Development Organization (CHDO) funds will be distributed to

subrecipients. Tentatively, the FY 13-14 CHDO funds were awarded to Durham Community Land Trustees through the Piedmont Rentals RFP. Each project manager then presented their individual evaluations of the applications to an internal Departmental panel, consisting of the Assistant Director for Production and all other project or program managers.

From this series of panel deliberations, a recommended balanced budget for CDBG, ESG and general funding sources emerged, which was then presented to the Director of Community Development and subsequently forwarded through the Deputy City Manager to the City Manager for approval. The funding recommendations for the CDBG, ESG programs and designated general funds were then presented to the Citizens Advisory Committee (CAC) at its February 25, 2013. After considering the Department's recommendations, the CAC voted to approve the recommendations as presented in the Draft Annual Action Plan.

As a part of the competitive application process, the Department also solicited applications requesting general funds for three types of housing activities. Habitat for Humanity requested the \$300,000.00 available for the completion of previously assisted projects in Northeast Central Durham and Southwest Central Durham. A total of \$720,000.00 was made available for affordable rental housing serving vulnerable populations such as the elderly and persons with disabilities. Two applications requesting a total of \$565,500.00 were received as indicated in Attachment E. No applications were received for the available \$250,000.00 for the development of permanent supportive housing for persons with special needs.

Alternatives

In order to receive CDBG, HOME and ESG funds and remain in compliance with federal regulations, the participating jurisdiction must hold two public hearings prior to the submission of its Annual Action Plan in May to HUD. The only flexibility that the City has is in determining the dates for the public hearings. Failure to hold the public hearings and to subsequently approve the Annual Action Plan by May 15th could result in HUD issuing a finding of non-compliance.

A summary chart of the Department's funding recommendations is provided as Attachment E.

Financial Impact

HUD has not yet notified the City of final entitlement amounts for FY 13-14. For planning purposes, the City expects to receive \$1,464,678.00 in CDBG funds, \$652,712.00 HOME funds and \$150,000 in ESG funds.

The Durham City-County Consortium will be required to provide a 25% match (non-federal funds) to the total amount of HOME funds used directly for affordable housing activities. The FY 13-14 required match will be approximately \$146,860.00. The match requirement has already been met by carry-over from prior fiscal years.

The required \$150,000.00 ESG match will be met in two ways. ESG subrecipients are required to provide cash or in-kind match as per the program regulations. The match for the Department of Community Development administrative allowance is general funds used for staff salaries to support those functions.

SDBE Summary

Not applicable to this item.