



Date: March 22, 2016

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 2016-2017
Annual Action Plan

Executive Summary

The Citizen Participation Plan contained in the 2015-2020 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. The purpose of the first public hearing is to receive citizen comments on housing and community development needs. That public hearing was held on November 16, 2015. The purpose of the second public hearing is to receive citizen comment on the City's Draft FY 2016-2017 Annual Action Plan, which specifies the allocation of Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and Housing for Opportunities for Persons With Aids (HOPWA) funds. 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 18, 2016 to receive citizen comments on the Draft FY 2016-2017 Annual Action Plan for the use of CDBG, HOME, ESG, and HOPWA funds and approve the Draft FY 2016-2017 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, ESG, and HOPWA 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 \$1,929,750.00 (Attachment B); adopt the City of Durham/U.S. Department of Housing and Urban Development HOME Investment Partnerships Program grant project ordinance in the amount of \$997,523.00 (Attachment C); adopt the City of Durham/U.S. Department of Housing and Urban Development Emergency Solutions Grant project ordinance in

the amount of \$162,711.00. (Attachment D); and adopt the City of Durham/U.S. Department of Housing and Urban Development Housing Opportunities for Persons With Aids (HOPWA) grant project ordinance in the amount of \$294,274.00 (Attachment E).

Background

As an entitlement city, Durham has been the recipient of CDBG funds since 1975, HOME Consortium funds since 1992, ESG funds since 2004, and HOPWA since 2015. 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. ESG funds have been used to support Rapid Re-Housing, Shelter/Operations, and Essential Services activities. HOPWA funds are used to address the supportive housing needs of low-income persons living with HIV/AIDS and their families.

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 2015-2020 Five Year Consolidated Plan. HUD regulations require that the City submit the Council-approved Annual Action Plan by May 15.

The 2015-2020 Five-Year Consolidated Plan identified the following six priorities:

1. Housing;
2. Homeless Needs;
3. Other Special Needs;
4. Community Development;
5. Economic Development;
6. Administration, Planning, and Management

Issues/Analysis

The adopted Citizen Participation Plan requires that at least a 10-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*, *Que Pasa?* and the *Carolina Times*.

Both CDBG and HOME funds are used to support ongoing homeownership and rental housing, 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 3, 2015 with an application submission date of December 7, 2015.

All eligible applications for CDBG, HOME CHDO, ESG, HOPWA, and Dedicated Housing Funding were evaluated by not less than three Community Development project managers based on the established review criteria delineated in the respective application guidelines. The Department received only one HOME CHDO

application which did not meet the project funding requirements, and therefore could not be evaluated for funding. Each project manager then presented their individual evaluations of the applications to an internal Departmental panel.

From this series of panel deliberations, a recommended balanced budget for CDBG, HOME, ESG, HOPWA, and Dedicated Housing 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, HOME, ESG, HOPWA programs and Dedicated Housing Funding were then presented to the Citizens Advisory Committee (CAC) at its February 22, 2016. CAC members had also individually evaluated all eligible applications which were then aggregated into average scores for each proposal and were then presented to the Department on February 22, 2016 as well. From this process, the CAC then discussed and compared their scores with the Department's recommendations. After considering the Department's recommendations as presented in the draft Annual Action Plan, the CAC voted to approve them as referenced in the attached letter from the Chair.

Alternatives

In order to receive CDBG, HOME, ESG, and HOPWA 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 15 could result in HUD issuing a finding of non-compliance.

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

Financial Impact

According to the formula allocations released by HUD on February 16, 2016, the City expects to \$1,829,750.00 in CDBG funds, \$797,523.00 in HOME funds, \$162,711.00 in ESG funds, and \$294,274.00 in HOPWA funds

The Durham City-County HOME 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 16-17 required match will be approximately \$179,443.00. The match requirement has already been met by carry-over from prior fiscal years.

The required \$162,711.00 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.