

CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Leah Bloom, Housing and Grants Administrator
Date: 03/26/2019
Meeting Date: 04/16/2019



TITLE:

Consideration and Adoption of Resolution No. 2019-14: A resolution approving the City of Flagstaff 2019/2020 Annual Action Plan and authorizing its submission to the U.S. Department of Housing and Urban Development (HUD).

STAFF RECOMMENDED ACTION:

- 1) Read Resolution No.2019-14 by title only
- 2) City Clerk reads Resolution No. 2019-14 by title only (if approved above)
- 3) Adopt Resolution No. 2019-14

Executive Summary:

This staff summary is for the approval of the City of Flagstaff's 2019/2020 Annual Action Plan that is a required submission to the U.S. Department of Housing and Urban Development (HUD) as part of the Community Development Block Grant (CDBG). This document identifies how the anticipated 2019 CDBG allocation will address Flagstaff's community needs identified in the 2016-2020 Consolidated Plan and how funding will be distributed within Flagstaff city limits.

The plan is due to HUD once the City of Flagstaff Housing Section receives notice of its 2019 allocation. As of the date of this report, the Housing Section has not been notified of Flagstaff's 2019 allocation. However, HUD has provided guidance that the City should anticipate the 2019 allocation to be similar to last year's (2018) federal allocation.

Financial Impact:

Approval of the Resolution 2019-14 is critical to the City of Flagstaff receiving its annual CDBG entitlement allocation. The 2019 CDBG estimated allocation is \$621,718. In addition, the City of Flagstaff is able to include program income to increase funding available for projects. Those additional funds equal \$80,227.48. Therefore, an estimated grand total of \$701,945.48 is available for the 2019/2020 program year, through the

Annual Action Plan process.

The proposed allocation takes into consideration the City's financial impacts by including the estimated indirect rate of 10%.

Policy Impact:

The City of Flagstaff Council's CDBG Priorities:

- Provide affordable housing (rental and ownership)
- Address homelessness
- Improve neighborhood revitalization
- Promote workforce job training
- Support education/ early childhood development

Connection to Council Goal, Regional Plan and/or Team Flagstaff Strategic Plan:

REGIONAL PLAN:

Goal NH.1. Foster and maintain healthy and diverse urban, suburban, and rural neighborhoods in the Flagstaff region.

- Policy NH.1.1. Preserve and enhance existing neighborhoods.

Goal NH.4. All housing is safe and sanitary.

- Policy NH.4.1. Expand the availability of affordable housing throughout the region by preserving existing housing, including housing for very low-income persons.
- Policy NH.4.3. Address accessibility issues and other housing barriers to persons with disabilities or special needs.
- Policy NH.4.4. Encourage green practices in housing construction and rehabilitation that support durable, healthy, and energy efficient homes.
- Policy NH.4.5. Renovate the existing housing stock to conserve energy and reduce utility and maintenance costs for owners and occupants.
- Policy NH.4.7. Enforce compliance with fair housing laws.

Goal NH.5. Eliminate homelessness.

- Policy NH.5.1. Provide adequate resources for families with children experiencing homelessness.
- Policy NH.5.2. Provide adequate resources for individuals experiencing homelessness.
- Policy NH.5.3. Support and expand programs that prevent homelessness.
- Policy NH.5.4. Make transitional housing resources available to populations experiencing homelessness.

Has There Been Previous Council Decision on This:

Staff received Council direction on local priorities during January 29, 2019 which are identified in Policy Impact above and Background/ History below.

Options and Alternatives:

1. Approve Resolution No. 2019-14 and authorize the submission of the Annual Action Plan to HUD after the City of Flagstaff receives its 2019 allocation.
2. Modify Resolution No. 2019-14 and authorize the submission to HUD.
3. Not approve Resolution No. 2019-14 and risk losing the 2019 CDBG allocation.

Background/History:

In order to receive CDBG funding, the City must complete and submit to HUD the required 2019-2020 Annual Action Plan 60 days after Flagstaff's allocations are announced, or on August 16, 2019 (whichever comes first). This plan describes how CDBG funds will be used in the coming year.

Every two years, staff requests funding guidance from Council on CDBG Priorities and the overall CDBG process for the coming two years. In January 2019 Council received an overview of the CDBG program and established five priorities:

1. Provide affordable housing (rental and ownership)
2. Serve those experiencing homelessness
3. Improve neighborhood revitalization
4. Promote workforce job training
5. Support education/ early childhood development

In the 2019 CDBG process, three external agency proposals were received. There was one internal City of Flagstaff request.

Housing staff are responsible for determining whether a proposed activity is eligible and conduct a risk assessment of the project and applying agency. Federal funds require administrative knowledge, capacity to ensure compliance and timely expenditure of funds. A ranking committee comprised of three community representatives and three City staff met to review the external proposals and rank them by consensus. Rankings primarily serve as a risk and benefit assessment and are the guiding input for staff recommendations forwarded to City Council.

Below is a list of the proposals in order of ranking. The proposals are divided between Housing and Public Service categories as HUD has two separate funding limits and different criteria. Internal City of Flagstaff proposals are presented to meet City Council priorities or other unmet needs in the community and are not ranked (NR) competitively with the other proposals, since the City would administer these projects directly. A comprehensive Proposal Book that includes each of the below proposals was distributed to Council on April 3, 2019 and a hard copy was available in the Council office.

Housing Activities	Proposal/Projects	Request	Ranking
Housing Solutions of Northern Arizona	Transitional Housing for Victims of Domestic Violence – Expanding Sharon Manor	\$300,000.00	142
Flagstaff Family Food Center	Food Center & Kitchen Rehabilitation	\$175,000.00	108
City of Flagstaff	Owner Occupied Housing Rehabilitation Program	\$250,000.00	Internal Not Ranked

Public Service Activity	Proposal/Project	Request	Ranking
Flagstaff Shelter Services	Employment Navigation Services for Individuals Experiencing Homelessness	\$100,000.00	131

Key Considerations:

In order to receive CDBG funding, the City must complete an Annual Action Plan that describes how CDBG funds will be used in the coming year and how the activities will accomplish goals outlined in the 2016-2020 Consolidated Plan.

The creation of the Consolidated Plan is an extensive process involving public and stakeholder input (gathered through surveys, public meetings and a 45 day public comment period), community needs assessments and a housing market analysis. The data outlined in the Consolidated Plan helps determine the relative priority of activities and the populations that will be served in the coming years. HUD allows two priority designations – high and low. Assignment of priority does not reflect a lack of need for any particular population or activity; it merely identifies those conditions that are most likely to be addressed with limited CDBG funding.

- High (H) priority activities are likely to be funded with CDBG resources during the next five years.
- Low (L) priority activities may be funded as opportunities arise.

The table attached summarizes planned CDBG activities, the priority level and 5-year numeric goal for each. Activities that will be targeted to special populations are indicated. The table is designed to meet HUD requirements.

Expanded Financial Considerations:

Per HUD’s guidance, the City of Flagstaff has estimated the 2019 allocation will be the same as last year’s federal allocation.

For the 2019 Annual Action Plan, the Housing Section received fewer proposals with larger asks. Therefore, the ranking committee, along with staff are recommending that the City of Flagstaff partially fund each project.

Once the HUD allocation is awarded to the City of Flagstaff and with Council’s approval, the Housing Section plans to treat the allocation implementation as follows:

2019/2020 Estimated Allocation Funds

Total Estimated 2019 Entitlement Award	\$621,718.00
Program Income (PI) and reallocated funds	\$80,227.48
Total Estimated Available	\$701,945.48
Administration (20%)	
Grant Compliance and Administration	\$72,539.49
Estimated City Indirect Rate of 10%	\$63,813.00
Total Administration	\$136,352.49

2019 CDBG Funding Recommendations

Housing/Econ. Development Activities	Recommended Funding
Housing Solutions of Northern Arizona – Transitional Housing for Victims of Domestic Violence – Expanding Sharon Manor	\$260,000.00
Flagstaff Family Food Center – Food Center & Kitchen Rehabilitation	\$25,000.000
City of Flagstaff - Owner Occupied Housing Rehabilitation	\$220,592.99
Total Housing/Econ. Development Activities	\$505,592.99
Public Service Activities (15% Cap)	
Recommended Funding	
Flagstaff Shelter Service - Employment Navigation Services for Individuals Experiencing Homelessness	\$60,000.00
Total Public Service Activities	\$60,000.00
Administration	\$136,352.49
Total City of Flagstaff Fund Request	\$701,945.48

- If funding increases, the surplus dollars would fully fund the request of Housing Solutions of Northern Arizona, then fund the City of Flagstaff's Owner Occupied Housing Rehabilitation Program and then fund Flagstaff Shelter Services. (not to exceeding HUD's 15% public service cap.).
- If the City of Flagstaff's entitlement decreases, each awarded project would decrease by an equal percentage.

Community Benefits and Considerations:

In program year 2018, CDBG leveraged \$787,133.60 in expenditures with \$3,912,323 in other, private or public funds and served 5,600 low to moderate income individuals and 64 Flagstaff households. In 2018 66% of CDBG funding was spent in target neighborhoods.

Community Involvement:

Public process requirements for the Annual Action Plan offer extensive community involvement and collaboration ranging from public meetings and public comment periods to a ranking focused committee.

First Public Meeting – January 29, 2019

- Display advertisement (January 6 & 13, 2019 – AZ Daily Sun)
- Established 2019 City Council CDBG Priorities during Council Meeting

First Public Meeting – January 11, 2018

- Display advertisement (January 6 & 13, 2019 – AZ Daily Sun)
- Meeting to discuss the CDBG proposal process and the Annual Action Plan

Second Public Meeting – March 8, 2018

- Display advertisement (February 10 & 17, 2019 – AZ Daily Sun)
- Meeting to review the submitted proposals and allowed public comment in preparation for making funding recommendations to City Council

With efforts to attract a diverse group of social service agencies, emails were distributed to all members of Coconino County's Continuum of Care (300 members). Additionally, agencies that had previously requested information and/or had been involved in the CDBG proposal process in prior years received personal invitations. The proposal format was provided at the first public meeting and placed on the City website with a deadline of February 22, 2019. Three external agency proposals were received along with one City of Flagstaff request.

Expanded Options and Alternatives:

1. Approve Resolution No. 2019-14 and authorize the submission of the Annual Action Plan to HUD.
2. Modify any or all of the Resolution No. 2019-14.
3. Not approve Resolution No. 2019-14

Attachments: 2019 Draft Annual Action Plan
 Proposals
 Res. 2019-14