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MEMORANDUM NEIGHBORHOOD RESOURCES - COUNCIL MEMO NO. NR14-010

DATE: MARCH 27, 2014

TO: MAYOR AND CITY COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
JEFF CLARK, FIRE CHIEF *JC*
JENNIFER MORRISON, NEIGHBORHOOD RESOURCES DIRECTOR *JM*

FROM: BARBARA BELLAMY, CDBG SUPERVISOR

SUBJECT: PUBLIC HEARING ON FISCAL YEAR 2014-2015 HOME INVESTMENT PARTNERSHP PROGRAM (HOME) ALLOCATIONS

BACKGROUND: The City of Chandler receives federal HOME funds annually from the U.S. Department of Housing and Urban Development (HUD) through the Maricopa HOME Consortium. A total of \$645,440 is available for allocation for Fiscal Year 2014-2015. This is comprised of \$293,292 in 2014-2015 funding from the Consortium, \$184,251 in reallocated Fiscal Year 2013-2014 funds from the Consortium and \$167,897 in one-time proceeds earned through the Deed of Trustee Sale of properties formerly owned by Community Services of Arizona (CSA). Eligible activities for HOME funds include: homeowner rehabilitation, homebuyer activities, rental housing, and tenant-based rental assistance.

DISCUSSION: The City receives HOME funds annually through the Maricopa HOME Consortium. Chandler will receive \$274,961 in funds to allocate to nonprofit partners and \$18,331 for program administration for Fiscal Year 2014-2015. This amount is an approximate five percent (5%) increase from the City's FY 2013-2014 funding level.

An additional \$167,897 in one-time funding is also available for allocation from proceeds from the City-initiated Deed of Trustee Sale of properties formerly owned by CSA. Another source of one-time funding has been made available to the City through the Maricopa County Consortium.

The County allocated an additional \$184,251 to the City in 2013-2014 HOME funds, specifically for the funding of Tenant Based Rental Assistance (TBRA) activities. Of this amount, \$9,213 will be utilized for program administration. This funding was originally allocated to the Town of Gilbert who was unable to expend the funds for the program initially intended.

As part of the Fiscal Year 2014-2015 social service allocations process, staff announced the availability of HOME funding to area nonprofit housing organizations. Three applications for

HOME funding were received totaling \$501,144. Based on staff input, the Housing and Human Services Commission (HHSC) reviewed and evaluated the applications and has made funding recommendations. These funding recommendations were made by the HHSC at their meeting on March 26, 2014 and are summarized in Attachment A. Staff and thus the nonprofits did not anticipate the increase in funding available for Fiscal Year 2014-2015, which is reflected in the amounts requested. Based on staff input, the HHSC is confident the recommended nonprofits will be able to expend increased funding in HUD's required timeframes.

The proposed funding amounts for Chandler's Fiscal Year 2014-2015 HOME program have been incorporated as a part of the City's Fiscal Year 2014-2015 Annual Action Plan and are summarized on page 16 of the Plan.

RECOMMENDATION: Federal regulations and Chandler's Public Participation Plan requires the City Council to hold a public hearing to collect input regarding Chandler's proposed allocation of Fiscal Year 2014-2015 HOME funds. The final recommendations will be presented as a consent agenda item at the May 8, 2014 City Council meeting.

MAYOR'S STATEMENT: The Public Hearing regarding Chandler's proposed Fiscal Year 2014-2015 HOME Investment Partnership funding allocation is now open for discussion.

**ATTACHMENT A
CITY OF CHANDLER
FY 2014-2015 HOME FUNDED PROGRAM DESCRIPTIONS
AND FUNDING RECOMMENDATIONS**

1. Community Bridges, Inc.-Tenant Based Rental Assistance Program (TBRA)

Funding Request: \$131,144
Recommendation: \$175,038
Number to be Served: 15 individuals

The goal of the program is to house and maintain housing for vulnerable homeless people, who before being housed, were living on the streets of Chandler. CBI utilizes the AZ Coalition to End Homelessness matrix which identifies and prioritizes for housing the most chronic homeless. As a result of this funding, the agency anticipates 15 homeless clients will continue to receive housing services through June 30, 2015. This program will help the most vulnerable homeless remain in TBRA-assisted housing or transition to permanent housing.

2. Newtown Community Development Corporation-Community Land Trust

Funding Request: \$270,000
Recommendation: \$442,858
Number to be Served: 5-6 households

The goal of the program is to provide affordable homeownership opportunities to Chandler low income first time homebuyers who are priced out of the current housing market. Eligible buyers must complete homebuyer education classes and homeownership counseling. They also must attend an orientation where the ground lease, resale restrictions, shared equity and other provisions of the CLT program are fully explained. The Community Land Trust ground lease contains resale restrictions required by HOME program guidelines. Properties must be kept as the homebuyer's principal place of residency and only households with incomes below 80% of the Area Median Income (AMI) are eligible to purchase a Newtown home. The ground lease gives Newtown the right of first refusal and includes a shared appreciation provision to ensure the CLT homes remain affordable in future years.

3. Habitat for Humanity-Housing Reconstruction Program

Funding Request: \$100,000
Recommendation: -0-

The goal of the project to reconstruct up to two (2) owner-occupied homes that require repairs beyond the scope and maximum rehab dollar limits for the City's housing rehab programs. Housing units to be assisted under this program are typically over 50 years old and located in the City's oldest census tracts. Habitat has a HUD certified Housing and Credit Counselor with significant experience in the affordable housing market. Habitat also has bi-lingual staff to serve the Spanish speaking population. These important services will be available for this program.