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MEMORANDUM COMMUNITY & NEIGHBORHOOD SERVICES DEPARTMENT CNS16-109

DATE: APRIL 14, 2016

TO: MAYOR AND COUNCIL

THRU: MARSHA REED, ACTING CITY MANAGER *MR*
NACHIE MARQUEZ, ASSISTANT CITY MANAGER *NM*
LEAH POWELL, ACTING HOUSING AND REDEVELOPMENT *LP*
MANAGER

FROM: BARBARA BELLAMY, CDBG SUPERVISOR *BB*

SUBJECT: PUBLIC HEARING ON FISCAL YEAR 2016-2017 HOME INVESTMENT PARTNERSHIP 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 \$299,853 is available for allocation for Fiscal Year 2016-2017. Of the \$299,853 available, the City will utilize \$18,741 for program administration leaving a balance of \$281,112 for allocation to affordable housing program providers.

Eligible housing activities for HOME funds include: homeowner rehabilitation, homebuyer activities, rental housing activities and Tenant Based Rental Assistance (TBRA).

DISCUSSION: As part of the Fiscal Year 2016-2017 allocation process, staff announced the availability of HOME funding to area nonprofit housing organizations. Three applications for funding were received totaling \$670,000. Based on staff input, a review of the proposals and a presentation by each applicant, the Housing and Human Services Commission (HHSC) made funding recommendations. These recommendations were finalized and a Public Hearing held by the HHSC at their meeting on March 23, 2016. The HHSC's recommendations are included as Attachment A.

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RECOMMENDATION: Federal regulations and Chandler's Public Participation Plan for federal community development programs requires the City Council to hold a public hearing to collect public comment regarding Chandler's proposed allocation of Fiscal Year 2016-2017 HOME funds. The final recommendations will be presented as a consent agenda item at the May 12, 2016 City Council meeting.

MAYOR'S STATEMENT: The Public Hearing regarding Chandler's proposed Fiscal Year 2016-2017 HOME funding allocation is now open for discussion.

Attachment A: Fiscal Year 2016-2017 HOME Investment Partnership Program Descriptions and Funding Recommendations

ATTACHMENT A

CITY OF CHANDLER FY 2016-2017 HOME INVESTMENT PARTNERSHIP PROGRAM PROGRAM DESCRIPTIONS & FUNDING RECOMMENDATIONS

City of Chandler Housing & Redevelopment – Tenant Based Rental Assistance (TBRA)

Funding Request: \$90,000

Recommendation: \$90,000

Persons Served: 15 Chandler individuals

Funding requested is to provide a Tenant Based Rental Assistance (TBRA) program for individuals and families experiencing homelessness in Chandler. The program will continue the rental assistance program implemented in 2012 to assist the homeless. Beginning July 1, 2015, administration of the program transitioned from Community Bridges Inc., to the City's Housing and Redevelopment Division. TBRA rental assistance will be linked with CDBG funded case management and supportive services for TBRA clients. Up to 15 homeless clients will be provided direct rental and utility deposit assistance to maintain affordable housing.

Habitat for Humanity of Central Arizona – Housing Reconstruction

Funding Request: \$200,000

Recommendation: \$191,112

Households Served: 2 households

The funding request is to reconstruct two owner-occupied homes that require repairs beyond the maximum dollar limits allowed through the City's housing rehabilitation program. Houses assisted will be typically over 50 years old and located in older low and moderate income neighborhoods. Habitat is uniquely qualified to administer reconstruction activities because as a general contractor and housing developer, they have experience managing all aspects of home building and mortgage servicing. The program provides up to \$75,000 in HOME-assistance per household and Habitat funds the difference between the \$75,000 HOME-assistance and the total development costs, and a 0% interest mortgage to qualified buyers. The recommended HOME allocation includes \$41,112 for temporary relocation which the City administers and pays for from the allocation. Habitat has significant experience developing affordable housing.

Newtown CDC – Community Land Trust, First Time Homebuyers Program

Funding Request: \$380,000

Recommendation: \$0

Households Served: 4 first time homebuyers

The funding requested is to provide affordable homeownership opportunities for up to four 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 Community Land Trust (CLT) program are fully explained. The CLT 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.