

City of Grants Pass
Community Development Block Grant (CDBG)
Substantial Amendment to the 2015-2016 (Year 1), 2017-2018 (Year 3)
and 2018-2019 (Year 4) Annual Action Plans

WHEREAS:

1. The City's 2015-2019 Consolidated Plan and Annual Action Plan for Year 1 was adopted by Resolution 15-6353 on August 5, 2015 and submitted to the US Department and of Housing and Urban Development (HUD). HUD issued an approval letter dated November 4, 2015. The 2015-2019 Consolidated Plan and Annual Action Plan for Year 2 was amended by Resolution 16-6459 dated August 3, 2016. Minor Amendments were made administratively on August 4, 2016 and August 8, 2016. HUD issued an approval letter dated September 21, 2016. The City's 2017-2018 Annual Action Plan was adopted by Resolution 17-6578 on August 2, 2017 and submitted to HUD. HUD issued an approval letter dated October 2, 2017. A Minor Amendment to Year 3 AAP to reallocate funding was completed administratively on May 22, 2018 and approved by HUD on June 27, 2018. A Minor Amendment to Year 3 AAP to correct program year was completed administratively on October 10, 2018 and approved by HUD on October 29, 2018. A Minor Amendment to reallocate 10% of Year 1 and 3 AAP appropriations in the total amount of \$57,125 was completed administratively on November 19, 2018 and approved by HUD on November 26, 2018. A Minor Amendment to Year 4 to reallocate funds in the amount of \$4,000 from one activity to another was completed administratively on April 17, 2019 and approved by HUD on April 18, 2019.
2. The City's CDBG Citizen Participation Plan authorizes Substantial Amendments to the Consolidated Plan and Annual Action Plan as follows:

- a. Substantial Amendments

Any of the following actions shall require City Council approval to process a Substantial Amendment to the previously approved Action Plan. A Substantial Amendment shall occur when:

- i. A new Activity is being funded for the first time. If an Activity was funded in a previous program year, and there is no significant change in the project (purpose, scope, location or beneficiaries), it is not considered a Substantial Amendment.
- ii. A funding change in a current Activity represents:
 1. More than 10 percent (10%) of the jurisdiction's CDBG funds for the current fiscal year.
- iii. A change in the use of CDBG funds from an eligible Activity to another.

Each Substantial Amendment shall be noticed by the CITY in a local newspaper of general circulation a minimum of thirty (30) days prior to an action by the City Council. Depending upon the amendment and/or the project area, the notice may appear in both an English language and a Spanish language newspaper which targets the areas of interest.

A summary of the public comments or views, and a summary of any comments or views not accepted, and the reasons therefore, shall be included in the description of the amendment forwarded to HUD and published in either the Action Plan or CAPER report.

3. The City is required to reallocate uncommitted funds from its Year 1, 3 and 4 appropriations through a Substantial Amendment in the total approximate amount of \$132,500. The City received a Year 1 appropriation of \$275,061, a Year 3 appropriation of \$341,405 and a Year 4 appropriation of \$341,405.
4. The Substantial Amendment will reallocate uncommitted funds from Year 1, 3 and 4 appropriations in the approximate amount of \$132,500; from Year 1 in the amount of \$110,855, Year 3 in the amount of \$17,668 and Year 4 in the amount of \$4,000 for a total approximate amount of \$132,500 to existing activities for Year 5 as follows:

| CDBG 2019-2020 AAP | | |
|---|-------------------------|-----------------------|
| Activity | Prior Allocation | Funding Change |
| Housing Rehabilitation (including ADA access, Improvements) | \$45,000 | \$100,000 |
| Homeless Youth Shelter Facilities | \$0 | \$75,000 |
| Makerspace Tuition/Innovation Hub Membership Assistance | \$10,000 | \$50,000 |
| ADA Access/Barrier Removal | New Project | \$85,500 |

5. The Substantial Amendment will be submitted to HUD in conjunction with the Year 5 AAP. Noticing will follow the requirements as outlined in the City's Citizen Participation Plan.

THEREFORE:

1. Consistent with the Citizen Participation Plan: the 2015-2016, 2017-2018 and 2018-2019 Annual Action Plans as adopted and amended, are hereby revised to include a Substantial Amendment as described in Exhibit 'A.'
2. In accordance with the Citizen Participation Plan, the amendment will be addressed in the 2019-2020 (Year 5) Annual Action Plan and/or Year 4 CAPER.

Aaron K. Cubic, City Manager

Date



MEMORANDUM

TO: Lora Glover, Director, Parks and Community Development

FROM: Anne Ingalls, Parks & Community Development Department

DATE: August 7, 2019

SUBJECT: CDBG Substantial Amendment Years 1, 3 and 4 Uncommitted Funds to Year 5 Annual Action Plan (AAP)

Recommendation

- ◆ Reallocate uncommitted CDBG funds in the approximate amount of \$132,500 from Years 1, 3 and 4 to Year 5. The reallocation amount exceeds the Minor Amendment process allowed through the City's CDBG Citizen Participation Plan and therefore requires a Substantial Amendment.

Summary

- ◆ This memo outlines the preliminary funding proposed for the draft CDBG Year 5 annual Action Plan (AAP), outlining the differences from the Year 5 funding baseline proposal which assumed an annual allocation of \$275,000 in CDBG funds. This memo reflects funding based on the actual Year 5 allocation of \$349,140. This memo primarily addresses the uncommitted funds in the approximate amount of \$132,500 and the reallocation of those funds to the Year 5 AAP.
- ◆ In addition, this memo reflects adjustments to funding for activities based on historical and forecast utilization of funds, and an estimation of whether certain eligible projects and activities will occur and be ready to proceed within the applicable program year.
- ◆ Further this memo summarizes adjustments to activities and associated funding which have already been made to date, and discussion of use of uncommitted funds from Year 1, 3 and 4, as well as those activities from Year 4 which are not already subject to signed funding agreements.
- ◆ This memo places emphasis on the use of Year 1, 3 and 4 uncommitted funds as well as funds from Year 4 that are not yet subject to funding agreements to fund projects and activities which are ready to proceed. It focuses on filling funding gaps for these projects to the extent possible to enable them to proceed without significant time required for additional fundraising to fill those finding gaps.
- ◆ The City is currently in Year 4 of the 5-year consolidated planning period. Program Year (PY) 1 (2015-2016), PY 3 (2017-2018) and PY 4 (2018-2019) all began October 1 of their respective years and all were approved by HUD.
- ◆ With CDBG funds, sometimes we have known projects and activities that need funding. At other times, we allocate funds to housing related and economic activities with the expectation that a project might advance, but it is not always certain. Some activities allotted CDBG funding do not advance and therefore funds are not used and subsequently become uncommitted. Some activities do not have the demand due to statutory restrictions and they are not able to utilize all the allocated funds for that particular PY, and those funds then become uncommitted. Planning and Administrative is allocated each year from CDBG funds comprising of 20% of that given year's annual allocation.

- ◆ In addition, the City has an obligation for “timely expenditure” of CDBG Funds. Reallocating some of the funds assists projects which are ready to go and help the City meet its “timely expenditure” requirements.
- ◆ As specified in the Citizen Participation Plan, the City can reallocate funds through Substantial Amendments and Minor Amendments. Minor Amendments are allowed up to 10% of the total annual funds to activities identified in the Consolidated Plan, which can be approved administratively by the City Manager. Substantial Amendments require a public noticing process before any funds can be reallocated.
- ◆ Finally, we must use an initial estimate of \$275,000 per year for forecasting our CDBG funding appropriations. However, each year, the actual appropriation is announced, and it varies. Year 1 allocation was \$275,061, Year 3 allocation was \$296,195 and Year 4 allocation was \$341,405. Year 5 has been allocated \$349,140. Each year allowed the City to allocate more funds to certain activities than originally planned.

Summary of Funding Activity Status

- ◆ **Weatherization/Energy Efficiency.** Funds have been allocated for all five years, Utilization has been less than expected. Funding level for Year 3 was reduced due to a remaining balance from previous years and to better match utilization in previous years. Funding level for Year 4 was increased due to request by our partner UCAN that the need was there for this activity. However, the need has not materialized so funding for Year 5 was reduced. The City plans to coordinate more with UCAN to assess the need and other possible avenues to utilize the CDBG funds in a timely manner.
- ◆ **Housing Rehabilitation.** Funds have been allocated for Years 2 through 5. This program was originally intended for standard housing rehabilitation for owner-occupied housing. However, the limited funding level would have meant higher than feasible administrative overhead as a percentage of the program. The program was modified to also include eligibility for affordable rental housing and to target projects such as ADA accessibility and repair/replacement of failing sewer laterals, both identified as in demand. In Year 4 the program identified a portion of the rehabilitation funds for the Womens Crisis Support Team shelter. Also, in Year 4, the program assisted in a sewer lateral repair for Jackson County Housing Authority’s low-income housing. Year 4 and 5 will assist Family Solutions with rehabilitation of their two youth centers as well as necessary repairs to Hearts with A Mission shelter. Funds have been increased for Year 5 to accommodate these projects.
- ◆ **Assist Acquisition of Market Rate Housing for Affordable Housing.** Funds were not identified for this activity since the anticipated projects that might utilize these funds did not materialize. No funding was allocated for Year 5.
- ◆ **Assist Site Acquisition and Improvements to Affordable Housing.** Funds have been identified for Years 3-5. Habitat for Humanity was in need of infrastructure for their new housing project and funding was increased for Year 4 for the project. However the project has not proceeded as quickly as planned and the funds have not been used as yet. A second project became available for Year 4 funding for purchase of land for development of a homeless shelter and additional money was added to Year 4 to help with this project. The land was subsequently purchased with outside monies, but upon development CDBG funds can be used for infrastructure. Since the Year 4 funding has not been utilized, no funds were allocated to Year 5 for this activity.

- ◆ **Emergency Housing Assistance.** Funds have been allocated for all five years. This activity falls under the 15% service cap and funding has been appropriately utilized for each year.
- ◆ **Homeless Youth Shelter Facilities.** Funds were allocated in Year 3 to assist Hearts with a Mission youth shelter with new HVAC equipment, roofing repairs, and gutter replacement. A minor amendment of Year 3 funds reallocated additional funding to this work to fully cover expected costs. No funding was allocated for Year 4 or 5. However, several shelters have expressed a need for rehabilitation of their youth shelters, so funding was appropriated for Year 5 to help with these necessary repairs.
- ◆ **Homeless Youth Services (Maslow).** Funds have been allocated for years 2-5. Demand is greater than funds allocated since this is a service cap of 15%. Funds were increased some for Year 5.
- ◆ **Homeless Youth Shelter Services (Hearts with a Mission).** Funds have been allocated for years 2-5. Demand is greater than funds allocated since this is a service cap of 15%. Funds were increased some for Year 5.
- ◆ **Micro-Enterprise Assistance.** Funds have been allocated for all five years. This fund is used, but at a lower level than expected. Funds were reallocated to other activities in years 3 and 4 but added back in Year 5 as the enrollment has increased within the last year.
- ◆ **Youth Training Services.** Funds have been allocated for all five years. Demand far exceeds funding allocation since this is a service capped at 15%. Funds were increased some for Year 5.
- ◆ **Daycare Assistance for Micro-Enterprise Assistance.** Funds were allocated for Year 4 but were unused. This precipitated a minor amendment to Year 4 funding to reallocate the funds over to the Micro-enterprise assistance as tuition demands increased for Year 4. Funding has been allocated for Year 5 with anticipation that the increase in enrollment might see utilization of the funds for this activity.
- ◆ **Senior Meals Facility.** Funding was allocated for Year 2 for this activity to be used towards purchase of property for development of the Senior Meals on Wheels program. Additional funding was allocated for Year 3 and 4 for more rehabilitation costs for the development. No funding has been allocated for Year 5.
- ◆ **Makerspace/Innovation Hub Tuition/Membership Assistance.** Funding was initially allocated for Year 4 but reallocated to other activities since the project was not ready to proceed. Year 5 has allocated funds to this activity with an Innovation Hub ready to proceed in Year 5. The Innovation Hub will require funding for start-up and continued membership assistance.
- ◆ **ADA Access/Removal of Barriers.** New activity added for Year 5. ADA access and removal of barriers is becoming a necessary need for the community. ADA access for the youth shelters, youth training at the Boys & Girls Club and other areas such as parks is in demand. Development of ADA accesses and repairs of those accesses removes the barriers which prevent the community's enjoyment of City's resources.
- ◆ **Neighborhood Blight Remediation.** This activity is dependent on creation of a receivership program which has not occurred yet. Funding from prior years was reallocated and no funding was allocated for Year 5.

Planning and Administration Activities

This activity is capped at 20% of the yearly annual allocation. Year 1 and 2 allocated \$55,000 and \$60,014 respectively. Neither year filed for reimbursement of these funds, thereby leaving \$115,014 as uncommitted funds. Part of this amount, \$110,855, is the bulk of the uncommitted funds being reallocated and divided amongst activities in the Year 5 AAP. Year 3 utilized most of the allocated funds but a

remaining amount of \$17, 668 is necessary to reallocate and divide amongst Year 5 activities. Year 4 had an amount of \$4,000 of uncommitted funds to be reallocated to Year 5.

Attached is a summary of the original Year 5 allocation and the proposed Year 5 funding allocations based on the actual funding allocation and updated information regarding demand for activities and projects, and also includes the uncommitted amounts shown in yellow.

The City's draft Year 5 AAP and Substantial Amendment will be available for review and comment June 12, 2019 through July 11, 2019. A final hearing before the City Council will occur on August 7, 2019 for adoption of the Year 5 AAP and Substantial Amendment. Submittal to HUD will occur on or before August 16, 2019.

Discussion Draft: Revised 5-Year CDBG Funding (Alternative 2)

| Year 5 CDBG | 2018-2019 Baseline Forecast | | 2018-19 Revised June 2018 | | 2018-19 Revised 10/31/2018-4/15/19 | | 2019-2020 | | 2019-2020 Monday, May 13, 2019 | |
|---|-----------------------------------|-----------------|------------------------------|-----------------|---------------------------------------|------------------|------------------|-----------------|-----------------------------------|-------------------|
| | Total | 15% Cap? | Total | 15% Cap? | Total | 15% Cap? | Total | 15% Cap? | Total | 15% Cap |
| Affordable & Decent Housing | | | | | | | | | | |
| Weatherization/Energy-Efficiency | \$45,000 | - | \$45,000 | - | \$55,069 | Yr 2 \$10,069 | \$45,000 | - | \$20,000 | - |
| Housing Rehabilitation (incl. ADA access, improvements) | \$45,000 | - | \$48,000 | - | \$75,506 | Yr 1 \$27,506.10 | \$45,000 | - | \$100,000 | Yr 1 Sub \$40,000 |
| Assist. Acquisition of Market-Rate Hous. for Afford. Hous. | \$0 | - | \$0 | - | \$0 | - | \$0 | - | \$0 | - |
| Assist. Site Acquisition and Improvements for Afford. Hous. | \$54,750 | - | \$75,000 | - | \$104,620 | Yr 3 \$29,619.50 | \$35,000 | - | \$0 | - |
| Public Housing | | | | | | | | | | |
| N/A. (There is no 'Public Housing' as defined in CFR in Grants Pass) | - | - | - | - | - | - | - | - | - | - |
| Homelessness / Homelessness Prevention | | | | | | | | | | |
| Emergency Housing Assistance | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$12,000 | \$12,000 |
| Homeless Youth Shelter Facilities (HWAM) | \$0 | - | \$0 | - | \$0 | - | \$0 | - | \$75,000 | Yr 1 Sub \$25,000 |
| Homeless Youth Shelter Services - Maslow | \$0 | - | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 | - | \$10,000 | \$10,000 |
| Homeless Youth Services HWAM | \$5,000 | \$5,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$5,000 | \$5,000 | \$10,000 | \$10,000 |
| Other Special Needs (Non-Homeless Housing and Supportive Services) | | | | | | | | | | |
| (New) Expansion - Crisis Res. Center and/or Adult Outpatient Facility | \$0 | - | \$0 | - | \$0 | - | \$0 | - | \$0 | - |
| Non-Housing Community Development | | | | | | | | | | |
| Micro-Enterprise Assistance | \$22,000 | - | \$0 | - | \$4,000 | daycare 41519 | \$22,000 | - | \$25,000 | - |
| Youth Training Services | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$18,000 | \$20,000 | \$20,000 |
| Daycare Assistance for Micro-Enterprise | \$4,000 | - | \$4,000 | - | \$0 | to tuition 41519 | \$4,000 | - | \$4,000 | - |
| Senior Meals-Facility | \$0 | - | \$63,400 | - | \$63,400 | - | \$0 | - | \$0 | - |
| MakerSpace-Tuition/Membership Assistance | \$10,000 | - | \$0 | - | \$0 | - | \$10,000 | - | \$50,000 | Yr 1 Sub \$30,000 |
| (New) ADA Access/Removal of Barriers | | | | | | | | | \$85,500 | 1, 3 Sub \$37,500 |
| (New) Special Economic Development Services (Youth Pathways) | \$18,000 | - | \$0 | - | \$0 | - | \$18,000 | - | \$20,000 | - |
| Neighborhood Blight Remediation | \$18,000 | - | \$0 | - | \$0 | - | \$18,000 | - | \$0 | - |
| SUM | \$239,750 | \$41,000 | \$286,400 | \$51,000 | \$353,595 | \$51,000 | \$220,000 | \$41,000 | \$431,500 | \$52,000 |
| GRANT | \$275,000 | \$41,250 | \$341,405 | \$51,210 | \$341,405 | \$51,210 | \$275,000 | \$41,250 | \$349,140 | \$52,000 |
| SERVICE MAX (15% OF GRANT) | | | | | | | | | | |
| PLANNING/ADMIN/CONTINGENCY (MAX 20% OF GRANT) | \$55,000 | | \$55,005 | | \$55,005 | | \$55,000 | | \$50,140 | |
| ROUGH CARRY-OVER FROM PREVIOUS YEAR | \$19,750 | | \$19,750 | | \$19,750 | | \$0 | | \$0 | |
| ROUGH CARRY-OVER TO NEXT YEAR | \$0 | | \$0 | | \$0 | | \$0 | | \$0 | |
| GRANT FUNDS FOR PY 5 + SUBSTANTIAL AMENDMENT FUNDS from Yr 1, 3, 4 | \$ 275,000.00 | \$ 41,250 | \$ 341,405.00 | \$ 51,210 | \$ 341,405 | \$ 51,210 | \$ 275,000.00 | \$ 41,250 | \$ 481,640 | \$ 52,000 |
| SUBSTANTIAL AMENDMENT YEAR 5 AAP 2019-2020 | Uncommitted funds year 1, 3 and 4 | | | | | | | | \$132,500 | \$52,000 |