Council Meeting Date: March 28, 2023

Subject: Submission of HOME-ARP Allocation Plan

Staff Resource(s): Nikki Reid, Community and Economic Development Director
Miranda Masters, HOME-ARP Program Analyst

Action Requested: Adoption of a resolution authorizing the City Manager to submit the HOME-ARP Allocation Plan as an amendment to the Fiscal Year (FY) 2021-2022 Annual Action Plan (AAP) to the U.S. Department of Housing and Urban Development (HUD).

Background:

- The Asheville Regional Housing Consortium (ARHC) consists of contiguous units of local governments that come together to qualify for a direct allocation of HOME Investment Partnerships Program (HOME) funds from the US Department of Housing & Urban Development (HUD).
- The Consortium consists of Buncombe County, Henderson County, Transylvania County, and Madison County and several member municipalities from those counties, including the City of Asheville. The City of Asheville serves as the participating jurisdiction (PJ) and administers the HOME program (also known as the lead entity).
- Annual HOME funds provide formula grants to states and localities to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing or providing direct rental assistance to low-income individuals and families.
- The City of Asheville received notification from HUD of a special allocation of HOME funds, known as the HOME Investment Partnerships American Rescue Plan Program (HOME-ARP), in the amount of $4,699,862.
- This special allocation of HUD HOME-ARP funds is targeted specifically to assist individuals or households who are homeless, at risk of homelessness, and other vulnerable populations.
- These grant funds are to be administered by the City of Asheville as the PJ through the HUD HOME program, with up to 15% of the allocation available for the planning and administration of the grant.
- HUD requirements provide a specific framework for the expenditure of these funds.
- The first major requirement is for the PJ to submit a HOME-ARP Allocation Plan by March 31, specifying how much funding will be dedicated to each eligible use.
- HUD requires that allocation plans be data driven and include public engagement and consultation with agencies and service providers that address the needs of the qualifying populations.
- The City engaged a consultant, Baker Tilly, to develop the allocation plan in compliance with HUD requirements.
- The attached draft HOME-ARP Allocation Plan represents the final results of the public survey, stakeholder and focus-group feedback sessions, and the needs assessment and gap analysis within the four county region.
- Based on that information, the plan indicates the amount of HOME-ARP funding to be allocated for each eligible activity type across the four counties of the ARHC that best addresses the needs of qualifying populations.

Recommendations from HOME-ARP Allocation Plan:

- HUD identified certain activities as eligible HOME-ARP uses in order to reduce homelessness and increase housing stability, specifically: the construction or preservation of affordable housing, tenant-based rental assistance (TBRA), supportive services (e.g. homeless prevention services, and housing counseling), and /or acquisition and development of non-congregate shelter.
- Consultations with service providers during the development of the HOME-ARP Allocation Plan revealed that while TBRA and other HOME-ARP eligible activities would be beneficial for the community, they would have limited impact due to the scarcity of available affordable housing units.

- Non-congregate shelter was a stated need, yet it was noted that the limited amount of funding may not cover the high costs of acquiring and renovating a non-congregate shelter.
- Further, operational costs are not eligible expenses for this funding, which represent significant ongoing costs without an identified funding source.
- The data collected from the Citizen Participation Survey indicates that the public is in support of constructing new affordable rental housing units.
- Additionally, there is a need for permanent supportive housing and the community shows strong support of increasing mental health services.
- The needs assessment and gap analysis, including Census and Point-in-Time data from the four county region, concluded that close to 23,650 households are at great risk of housing instability within the Asheville Metropolitan Area.
- Rapidly rising rental prices and limited availability of affordable housing stock is impacting persons with incomes at 30% and below median income as well as those with incomes at 50% of the median but who also meet one of the definitions of at-risk of homelessness.
- Overall, the analysis concluded that the most significant unmet housing need for homeless persons and those at risk of homelessness is access to affordable housing units and supportive services including case management, mental health, and substance abuse services to connect these individuals to housing.
- Therefore, HOME-ARP Allocation Plan focuses on new affordable rental housing units and funds additional supportive services to allow for a greater utilization of existing unused housing vouchers and TBRA funding.
- The plan also outlines that the City will issue a special notice of funding availability (NOFA) via the Request for Proposals (RFP) process to solicit proposals from qualified organizations capable of administering supportive services and from affordable housing developers to produce housing units which will be available for rent to the qualifying populations.
- The proposal evaluation process will include the requirement that all proposals must have a Letter of Support from the Continuum of Care (CoC) for the county or counties where the project will be located or where services will be provided.

	Funding Amount	**Percent of Grant**	**Statutory Limit**
Supportive Services	$1,000,000.00	21%	-
Acquisition and Development of Non-Congregate Shelters	$0.00	0%	-
Tenant-Based Rental Assistance (TBRA)	$0.00	0%	-
Development of Affordable Rental Housing	$3,100,000.00	66%	-
Non-Profit Operating	$0.00	0%	5%
Non-Profit Capacity Building	$0.00	0%	5%
Administrative and Planning	$599,862.00	13%	15%
Total	$ 4,699,862.00	100%	

- The public comment period for the draft HOME-ARP Allocation Plan was conducted for the period of March 06, 2023 - March 20, 2023.
- A public hearing at Asheville City Council was held on March 14, 2023.

- Once adopted, the plan will be added to the FY 21-22 Annual Action Plan as a substantial amendment by the March 31, 2023 deadline and will be subject to final HUD approval.
- Once HUD approval has been granted, the City will issue a special notice of funding availability (NOFA) via a Request for Proposals (RFP).
- This RFP will request applications from agencies and developers within the four county region.
- The funding availability will be based on the amounts indicated in the table above for the selected eligible activities, with letters of support required from CoCs for the county or counties where the project will be located or where services will be provided.
- Qualifying applications will be reviewed by the HOME Consortium for recommendations and ultimately brought forward to Asheville City Council for final approval.

Council Goal(s):
- Quality Affordable Housing
- An Equitable and Diverse Community

Committee(s):
- The Asheville Regional Housing Consortium reviewed this item at their meeting on March 6, 2023 and recommended approval.

Pro(s):
- One-time funding source available to assist people experiencing homelessness, to reduce homelessness and to increase housing stability across the Consortium Counties.

Con(s):
- None

Fiscal Impact:
- This special allocation is fully funded from HUD and authorized by the American Rescue Plan Act.
- Staff costs to administer the program are also fully paid from federal sources.
- Timeline of Funding - Per HUD instructions, a local allocation plan must be submitted as an amendment to the FY21-22 Annual Action Plan by March 31, 2023.
- All funds must be spent before September 30, 2030.
- Specific allocation of $4,699,882 of HOME-ARP funds will be made in accordance with the proposed HOME-ARP Allocation Plan as outlined above.

Suggested Motion:
- Motion authorizing the City Manager to submit the HOME-ARP Allocation Plan as an amendment the FY 2021-2022 Annual Action Plan (AAP) to the U.S. Department of Housing and Urban Development (HUD).

Attachment(s)
- Resolution
- HOME-ARP Allocation Plan

RESOLUTION NO. 23-____

RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT THE HOME ARP ALLOCATION PLAN AS A SUBSTANTIAL AMENDMENT TO THE 2021-2022 ANNUAL ACTION PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

WHEREAS, the City of Asheville is the Lead Entity on behalf of the Asheville Regional Housing Consortium (ARHC) for the federal Home Investment Partnerships Program (HOME); and

WHEREAS, the City must submit to the U.S. Department of Housing and Urban Development (HUD) as an amendment to the 2021-2022 fiscal year an Allocation Plan detailing its proposed use of $4,699,862.00 of HOME-ARP funds; and

WHEREAS, the City has prepared an amendment to the 2021-2022 Annual Action Plan to demonstrate how these HOME-ARP funding resources are to be allocated; and

WHEREAS, a public hearing was held on March 14, 2023, to obtain citizen input and comments on the draft plan; and

WHEREAS, in compliance with HUD requirements, the draft plan has been made available to the public for comment for the period beginning March 6, 2023 and through March 20, 2023;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

1. City Council approves the submission to HUD of the HOME-ARP Allocation Plan and Amendment to the 2021-2022 Annual Action Plan.

2. City Council authorizes the City Manager to sign all contracts, grants and loan agreements, after approval by the City attorney, with HUD and other designated agencies for the HOME-ARP Allocation Plan.

Read, approved and adopted this 28th day of March, 2023.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney