City Council Meeting Date: November 9, 2021

Subject: Authorization to submit an Amendment to the 2020-21 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD).

Staff Resource(s): Paul D'Angelo, Community Development Program Director
Nikki Reid, Interim Community and Economic Development Director

Action Requested: To amend the Fiscal Year (FY) 2020-21 Annual Action Plan (AAP) and correct and properly assign $225,000 in HOME program income received from Battery Park Apartments to the FY18-19 program year and adjust FY 20-21 funding to reflect this change and to sign all documents necessary to implement the plan.

Background:

- The City submitted to HUD the Five Year FY20/21 - 24/25 Consolidated Plan (Con Plan), which includes the FY20/21 Annual Action Plan, on December 8, 2020.
- HUD approved our Con Plan in early 2021.
- The Con Plan is designed to help states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions.
- The consolidated planning process serves as the framework for a community-wide dialogue to identify housing and community development priorities that align and focus funding from the CPD formula block grant programs:
    - Community Development Block Grant (CDBG) Program
    - HOME Investment Partnerships (HOME) Program
- The City of Asheville is the Entitlement Community for the CDBG Funding and the Participating Jurisdiction for the HOME Funding. Funds are awarded based on HUD CDBG & HOME guidelines as well as the Priorities listed in the Con Plan.
- The Consolidated Plan is carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.
- Grantees report on accomplishments and progress toward Consolidated Plan and Annual Action Plan goals in the Consolidated Annual Performance and Evaluation Report (CAPER).

Summary:

- A $202,500 discrepancy discovered in program income means those funds were inadvertently awarded twice in previous FY allocations.
    - In July 2018, Battery Park Apartments paid back their $225,000 HOME loan from 2004, but there was conflicting documentation about how the funds were recorded.
    - Attempting to correct the issue last summer, the funds were reported to HUD as program income and included the FY20-21 reallocation.
    - Staff just determined in August that the money had already been earmarked for reallocation in Fall 2018.
    - Community Development staff reached out to the HUD Field office in Greensboro for guidance and technical assistance in addressing this discrepancy.
    - CD staff, with HUD's assistance and support, arrived at the following proposed solution:
    - Move the 10% HOME Admin ($22,500) back to the 2018 fund, but $202,500 will need to be assigned from the current reallocation to make up the difference.
    - The HUD Field Office has confirmed this is a good solution.

    - The City has identified an existing subrecipient, the Asheville Buncombe Community Land Trust (ABCLT) that has agreed to have the funds substituted for their FY20-21 award for their still pending contract.
- The FY 20-21 and FY21-22 Action Plans should be amended to correct and properly assign $225,000 in HOME program income received from Battery Park Apartments to the FY18-19 program year. As a result:
    - The 10% reallocation of $22,500 for HOME Admin will be removed from the FY20-21 Action Plan.
    - The remaining $202,500 will also be removed from the FY20-21 Action Plan, but the affected awards will be funded with the same amount from available FY21-22 funds.

Council Goal(s):
- A Diverse Community
- Quality Affordable Housing
- Thriving Local Economy

Committee(s):
- Asheville Regional Housing Consortium Board - September 23, 2021 - Approval
- Housing & Community Development Committee - October 19, 2021 - Approval

Pro(s):
- Approval of the Amended Annual Action Plan paves the way for HUD funding to be utilized by partners in the City of Asheville and the region, with funds to be used to create affordable housing, jobs and impact in our moderate and lower income communities.
- Amending Action Plans to reflect programmatic and financial changes is a necessary part of achieving compliance and maintaining accurate and complete records.

Con(s):
- None

Fiscal Impact:
- The Action Plan is fully funded from federal CDBG & HOME entitlement grants, unused funds from previously completed projects, and estimated program income.
- Staff costs to administer the program are also fully paid from federal sources.
- This action has no overall impact to the City's HUD HOME programs.

Suggested Motion:
- To amend the FY 20-21 Annual Action Plan (AAP) and correct and properly assign $225,000 in HOME program income received from Battery Park Apartments to the FY 18-19 program year and adjust FY20-21 funding to reflect this change and to sign all documents necessary to implement the plan.

Attachment(s)
- Staff Memo ARHC September 23, 2021
- Resolution

RESOLUTION NO. 21-____

RESOLUTION AUTHORIZING SUBMISSION OF THE CITY'S AMENDED ANNUAL ACTION PLAN FOR 2020-2021 TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND AUTHORIZING THE CITY MANAGER TO SIGN ALL DOCUMENTS NECESSARY TO IMPLEMENT THE CONSOLIDATED ANNUAL ACTION PLAN

WHEREAS, the City of Asheville is an Entitlement City for the federal Community Development Block Grant (CDBG) program and is the Lead Entity on behalf of the Asheville Regional Housing Consortium (ARHC) for the federal Home Investment Partnerships Program (HOME); and

WHEREAS, each year, the City must submit to the U.S. Department of Housing and Urban Development (HUD) an Annual Action Plan detailing its proposed use of CDBG and HOME funds for the upcoming fiscal year; and

WHEREAS, the City desires to amend the FY 20-21 Annual Action Plan (AAP) and correct and properly assign $225,000 in HOME program income received from Battery Park Apartments to the FY18-19 program year and adjust FY20-21 funding to reflect this change; and

WHEREAS, a public hearing has been held on November 9, 2021, to obtain citizen input and comments on the draft plan, and the draft plan has been made available to the public;

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 Amended Annual Action Plan for 2020-21.
2. City Council authorizes the City Manager to sign all contracts and grant and loan agreements, after approval by the City attorney, with HUD and other designated agencies for the Amendment to the FY20/21 Annual Action Plan.

Read, approved and adopted this 9th day of November, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney