THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: March 23, 2021

Subject: Authorization to submit the Amended 20-21 Annual Action Plan to the U.S. Department of Housing and Urban Development.

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

Action Requested: Authorize the City Manager to submit an amendment to the 2020-21 Annual Action Plan for Community Development Block Grants (CDBG) and the HOME Investment Partnerships Program (HOME) funding awards to the U.S. Department of Housing and Urban Development (HUD) and to sign all necessary documents; and a budget amendment to increase the amount of the Fiscal Year (FY) 2020-21 CDBG Fund budget to include $1.6M from the sale of city-owned land originally purchased through the Urban Renewal program in the 1970s.

Background:

- On November 10, 2020, Asheville City Council approved the 2020-21 Annual Action Plan for CDBG and HOME programs.
- This is a request to amend the Annual Action Plan to add CDBG funds from the sale of city-owned property to White Labs (a portion of which was acquired through urban renewal) and to allocate those additional funds for the purchase of a property at 65 Ford Street.
- The sale of City-owned land to White Labs, Inc. occurred in December 2020, and the City received $3.7 million in revenue. This closing was originally scheduled for May, 2020, but due to COVID and common real estate delays, the final sale occurred 7 months later than expected.
- A portion of this property at 172 & 174 S. Charlotte Street includes land the City purchased in the 1970's that was part of Urban Renewal of East End / Valley Street.
- Of the proceeds, $1.6 million is classified as CDBG Program Income and must be spent on CDBG eligible activities to benefit low to moderate income individuals and families and/or in low to moderate income (LMI) areas.
- In addition, any CDBG funds above 1.5x our Annual Allocation (approx. $1.5M) must be spent, not just assigned or allocated, on an eligible CDBG project before May 1, 2021, to pass the City's Annual HUD timeliness test or the City risks future grant allocations per HUD requirements.
- HUD has a longstanding policy of reducing the next year's grant allocation if a grantee continues to show untimely expenditures of funds.
- Acquisition of real property is an eligible use for CDBG Program Income and includes the purchase of land.
- Staff shared the desire to partner with the Housing Authority of the City of Asheville at the City Council Affordable Housing Workshop in January 2021.
- Staff has identified an eligible land acquisition to assist the Housing Authority of the City of Asheville's (HACA) rebuild of Deaverview Apartments, as a strategic use of these time-sensitive federal funds.
- This investment, specifically the purchase of 65 Ford Street of approximately 21 acres, will transfer federal funds tied to urban renewal into a viable housing resource to serve approximately 300 low and moderate income individuals and families.
- The purchase of the Ford Street property was approved by City Council in February 2020 and this is a request to use the CDBG Program Income funds, rather than Affordable Housing Bond Land-banking funds, to purchase the property due to the requirements that a municipality should only have 1.5 times their annual CDBG Allocation unspent by May 1st, 2021.

Council Goal(s):

- A Diverse Community
- Quality Affordable Housing
- Thriving Local Economy

Committee(s):

- Housing & Community Development Committee (HCD) - March 16, 2021 - Discussion only

Pro(s):

- Approval of the Amended Annual FY 20/21 Action Plan allows the City of Asheville to complete the purchase of 65 Ford Street with the intent to assist with the redevelopment of the Deaverview Apartments to develop up to 300 affordable housing units for the benefit of low to moderate income individuals and families.
- Approval of the Amended Annual FY 20/21 Action Plan will assist the City of Asheville with their HUD timeliness test that will occur on May 1, 2021, and minimize the potential of having our annual allocation reduced due to our inability to spend the current allocation fast enough.
- Using restrictive HUD CDBG PI dollars on the eligible purchase 65 Ford Street frees up other less restrictive sources of funding like Housing Trust Fund dollars for other housing initiatives.

Con(s):

- The receipt of these funds in late December, 2020, and the HUD timeliness test on May 1, 2021, limits the abilities of the City of Asheville to spend this funding on other eligible activities and in a timely manner.

Fiscal Impact:

- The Action Plan is fully funded from federal CDBG & HOME entitlement grants, unused funds from previously completed projects, and estimated program income.
- The City of Asheville is reserving none of this $1.6M in CDBG PI for staff costs to administer the funding, normally 20%.
- The FY 2020-21 budgets for the both CDBG & HOME program were included in the annual budget ordinance that City Council adopted on July 30, 2020, and updated on November 10, 2021.
- The budget amendment will revise the CDBG amounts to include this $1.6M in CDBG PI.
- The purchase of 65 Ford Street will cost approximately $1.5M for site costs and due diligence, leaving approximately $100,000 in CDBG Program Income that can be absorbed into CDBG PI for future CDBG allocations.

Suggested Motion:

- Move to adopt the resolution authorizing submission of an amendment to the City's Annual Action Plan for 2020-2021 to the U.S. Department of Housing and Urban Development (HUD) and authorizing the City Manager to sign all necessary documents; and a budget amendment to increase the amount of the FY 2020-21 CDBG Fund budget to include $1.6M from the sale of city-owned land originally purchased through the Urban Renewal program in the 1970s and approval to use these funds to purchase the 65 Ford Street property.

Attachment(s):

- Resolution
- Action Plan Summary
- Budget Amendment
- Map

RESOLUTION NO. 21-____

RESOLUTION AUTHORIZING SUBMISSION OF AN AMENDMENT TO THE CITY'S 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, INCLUDING A BUDGET AMENDMENT TO REVISE THE AMOUNT OF THE FY 2020-21 CDBG PROGRAM INCOME (PI) TO INCLUDE $1.6M FROM THE SALE OF CITY-OWNED LAND ORIGINALLY PURCHASED THROUGH THE URBAN RENEWAL PROGRAM IN THE 1970S TO PURCHASE PROPERTY AT 65 FORD STREET.

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, updated to include the $1.6M in CDBG Program Income (PI) funds received from the sale of land at 172-174 S. Charlotte Street purchased through the Urban Renewal program in the 1970s; and

WHEREAS, the $1.6M in CDBG PI will be spent on the purchase of 65 Ford Street Asheville 28806, 21 acres to be utilized for the rebuild of the Deaverview Public Housing Apartments in partnership with the Housing Authority of the City of Asheville (HACA) serving more than 300 low and moderate income individuals and families, with the remaining balance being absorbed into CDBG PI for future CDBG allocations; and

WHEREAS, a public hearing has been held on March 23, 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 an amendment to the Annual Action Plan for 2020-21 which is attached hereto as Exhibit A.
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 implementation of the Consolidated Annual Action Plan.
3. City Council approves purchase of 65 Ford Street with the additional CDBG funds for the purposes described herein and authorizes the City Manager to execute any and all documents necessary to give effect to this resolution.

Read, approved and adopted this 13th day of April, 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney

SUMMARY OF ANNUAL ACTION PLAN FOR 2020-2021 (Exhibit A)

CDBG PROGRAM

Projected Revenue:

Estimated 2020-21 Program Income	**$1,650,000**
Estimated 2019-20 Program Income	$24,000
Funds available for reallocation	$0
New CDBG Entitlement Grant	$1,046,871
Total CDBG Funds Available:	**$2,720,871**

Proposed Use of Funds:

2020-2021 PROGRAM	Funding Recommendations
CARING for Children-Trinity Place Runaway and Homeless Youth Shelter	$16,332
Helpmate, Inc-Emergency Shelter for Domestic Violence Survivors	$30,000
Homeward Bound of Western North Carolina-AHOPE Coordinated Entry	$47,000
OnTrack Financial Education & Counseling-Financial Capabilities Program	$25,000
YWCA of Asheville and Western North Carolina-Empowerment Child Care	$25,000
YWCA of Asheville and Western North Carolina-Mother Love	$25,000
Pisgah Legal Services-Homelessness Prevention Project	$45,000
Homeward Bound of Western North Carolina-Housing Services	$81,000
Eliada Homes - Homelessness Services Program	$15,000
Haywood Street Congregation - Respite	$20,000
Asheville Area Habitat for Humanity-Home Repair-Low Income Homeowners	$128,000
Mountain Housing Opportunity - Emergency Home Repair	$95,000
Mountain BizWorks-Opportunity Asheville	$120,000
Carolina Small Business Development Fund-Opportunity Asheville	$120,000
Eagle Market Streets Development Corporation IDA for Small Business	$30,000
The SPARC Foundation-Changing Together	$74,542
Purchase 65 Ford Street	***$1,500,000***
Contingency - TBD	***$100,000***
City of Asheville-Program Administration	$223,997
RECOMMENDED FUNDING	**$2,720,871**

HOME INVESTMENT PARTNERSHIP PROGRAM

Projected Revenue:

Estimated 20-21 Program Income	$19,586
2019-2020 Estimated Program Income	$23,127
"Returned" FY16-17 HOME Award	$165,000
Additional Program Income	$225,000
New HOME Entitlement Grant	$1,334,952
Total HOME Funds Available:	**$1,767,665**

Proposed Use of Funds:

2020-2021 PROGRAM	Funding Recommendations
Community Housing Coalition Madison County - Rural Rehabilitation	$150,000
Asheville Buncombe Community Land Trust - Home & Lot Purchase	$261,963
WDT Development- The Villas at Swannanoa	$840,000
Housing Assistance Corporation (HAC) - Transylvania Rehabilitation	$62,000
Housing Authority of the City of Asheville- TBRA Resident Mobility	$95,000
Homeward Bound of Western North Carolina- TBRA Asheville	$80,000
Homeward Bound of Western North Carolina - TBRA Buncombe	$100,000
Eliada Homes- Homeless Services Program	$18,750
City of Asheville - Program Administration	$159,952
RECOMMENDED FUNDING	**$1,767,665**

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That the City of Asheville Fiscal Year 2020-21 Budget Ordinance be amended in the CDBG Fund as follows:

CDBG FUND

Revenues:

Sale of Capital Asset - Land	$1,600,000
Total Revenues	$1,600,000

Appropriations:

Land	$1,500,000
Contingencies	$100,000
Total Appropriations	$1,600,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this the 13th day of April 2021.

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City Clerk Mayor

Approved as to form:

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City Attorney