

Agenda Report

August 11, 2014

TO: Honorable Mayor and City Council

FROM: Housing and Career Services Department

SUBJECT: PUBLIC HEARING: APPROVAL OF AN AMENDMENT TO THE ANNUAL ACTION PLANS FOR U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAM YEARS 2012 AND 2014 FOR HOME INVESTMENT PARTNERSHIP ACT FUNDING

RECOMMENDATION:

It is recommended that upon the close of the public hearing the City Council adopt a resolution approving certain amendments to Annual Action Plans for U. S. Department of Housing and Urban Development Program Years 2012 and 2014 pertaining to HOME Investment Partnership Act funding, as described in this agenda report.

BACKGROUND:

As a participating jurisdiction receiving funds under a number of grant entitlement programs administered by the U. S. Department of Housing and Urban Development (HUD), including the HOME Investment Partnership Act program (HOME), the City of Pasadena is required to approve and submit yearly Annual Action Plans to HUD. The Annual Action Plan sets forth the projected uses of funds for the coming program year, and addresses the available resources for program implementation, activities to be undertaken, program guidelines, and monitoring.

In the course of administering the federal grant funds, it occasionally becomes necessary for the City to amend approved Annual Action Plans by modifying or reprogramming original funding allocations, particularly in order to comply with HUD statutory deadlines for the commitment and expenditure of funds. Such is the case with the subject recommendation.

The City has approximately \$2 million in federal HOME funds available to assist affordable housing projects. The commitment and expenditure of these funds, and the completion of funded projects, are strictly regulated by statutory timeframes. The funds are subject to recapture by the U. S. Department of Housing and Urban Development (HUD) if commitment, expenditure, and completion deadlines are not met. For HOME

funds available during HUD PY 2012 (which corresponds to the City's Fiscal Year 2013), an amount of \$531,482 will be recaptured if not committed to an eligible project pursuant to a binding legal agreement by August 31, 2014. The Housing and Career Services Department has been in discussions with affordable housing developers and affordable multifamily project owners in Pasadena to identify potential HOME funding of projects. One project that has been identified as fundable is a proposed 8-unit affordable homeownership project for low income families at 1661 N. Fair Oaks Avenue, to be developed by Heritage Housing Partners (HHP). This project would receive a HOME funding commitment in the amount of \$1,100,000. The staff recommendation on the key business points of the agreement between the City and HHP will be brought to the City Council for consideration under separate action this evening.

The proposed funding for the HHP project will be drawn from HOME fund associated with HUD PYs 2012, 2013 and 2014:

- PY 2012 funds in the amount of \$531,482 which are at-risk of recapture.
- PY 2013 funds in the amount of \$414,236 which were allocated (in FY 2014) for housing rehabilitation and/or new development projects.
- PY 2014 funds in the amount of \$154,282 which are currently allocated for housing rehabilitation or development activities.

The original and amended HOME Annual Action Plan are set forth in the tables below:

Original HOME Allocations -- Annual Action Plan for HUD PY 2014

Projects/Activities	Funding Amount
Housing rehabilitation or development	\$420,276
CHDO Reserve (15% of PY 2014 Allocation)	\$84,056
Administration (10% of PY 2014 Allocation)	\$56,036
PY 2014 Allocation	\$560,368

Amended HOME Allocations -- Annual Action Plan for HUD PY 2014

Projects/Activities	Funding Amount
Housing development (1661 N. Fair Oaks)	\$531,482 from HUD PY 2012 Annual Action Plan - Must commit by 8/31/14
Housing development (1661 N. Fair Oaks)	\$414,236 HUD PY 2013 carryover of funds for Housing rehab or development
Housing development (1661 N. Fair Oaks)	\$154,282 HUD PY 2014
Housing rehabilitation or development	\$265,994 HUD PY 2014
CHDO Reserve (15% of PY 2014 Allocation)	\$84,056
Administration (10% of PY 2014 Allocation)	\$56,036
TOTAL	\$1,506,086

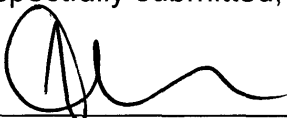
COUNCIL POLICY CONSIDERATION:

This proposed action supports the City Council Strategic Planning Three-Year Goals in the areas of: 1) promoting the quality of life and the local economy; and 2) maintaining fiscal responsibility and stability.

FISCAL IMPACT:

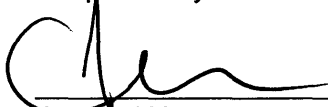
This action will result in a project-specific allocation of federal HOME funds totaling \$1,100,000 of which total \$531,482 in HUD PY 2012 funds would be subject to recapture by HUD if the action is not approved. The HOME funds to be reallocated from HUD PY 2012 and PY 2013 totaling \$945,718 were previously recognized as revenue within the respective adopted FY 2013 and FY 2014 operating budgets of the Housing and Career Services Department and were returned to the end-of-year HOME fund balance when those funds were not used. The HOME funds to be reallocated from HUD PY 2014 in the amount of \$154,282 are in the current FY 2015 operating budget.

Respectfully submitted,



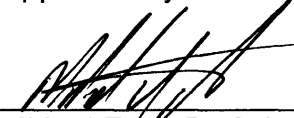
WILLILAM K. HUANG, Director
Housing and Career Services

Prepared by:



James Wong
Senior Project Manager

Approved by:



MICHAEL J. BECK
City Manager

RESOLUTION NO. _____

A RESOLUTION OF THE PASADENA CITY COUNCIL AUTHORIZING THE SUBMITTAL OF AN AMENDMENT TO THE ANNUAL ACTION PLANS FOR PROGRAM YEARS 2012 AND 2014 TO ALLOW THE CITY OF PASADENA TO REALLOCATE \$1,100,000 IN HOME INVESTMENT PARTNERSHIP ACT FUNDS FROM THE U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT FOR THE CITY'S FISCAL YEAR 2014, AND AUTHORIZATING THE CITY MANAGER TO EXECUTE THE SUBSTANTIAL AMENDMENT AND ALL OTHER RELATED DOCUMENTS, AGREEMENTS, AND CERTIFICATIONS.

WHEREAS, the City of Pasadena ("the City") is a municipal corporation which exercises governmental functions and powers, and is a chartered city organized and existing under the laws of the State of California; and

WHEREAS, after publication of notice, a public hearing has been duly held by the City Council to consider 1) authorizing the submittal to the U. S. Department of Housing and Urban Development ("HUD") of an Amendment to the Annual Action Plans for HUD Program Years 2012 and 2014 for the reallocation of Home Investment Partnership Act Funds in the amount of \$1,100,000 (the "Substantial Amendment") for the City's Fiscal Year 2014; and 2) authorizing the City Manger to execute the Amendment and all other related documents, agreements and certifications.

NOW, THEREFORE, BE IT RESOLVED by the Pasadena City Council as follows:

1. The terms and provisions of the Amendment are hereby approved and the City Manager is hereby authorized and directed to submit the Amendment to HUD, together with any and all other documents, assurances and certificates as are lawful and necessary to complete the City's reallocation of Home Investment Partnership Act ("HOME") Program funds in the amount of \$1,100,000 for the City's Fiscal Year 2014 and to secure the obtainment thereof under the HOME Program.

2. The City Clerk is hereby authorized and directed for and on behalf of the City to attest any documents, assurances and certificates executed by the City Manager which are deemed necessary and appropriate by HUD to complete the City's reallocation of funds, to secure the obtainment thereof under the HOME Program.

3. That the reallocation of the HOME Program funds for the activities described in the Amendment and the agenda report presented to the City Council at the meeting at which this resolution was adopted, is hereby approved by the City Council.

Adopted at the regular meeting of the Pasadena City Council on the 11th day of August 2014, by the following vote:

AYES:


NOES:

ABSENT:

ABSTAIN:

MARK JOMSKY, CMC
CITY CLERK

APPROVED AS TO FORM:



BRAD L. FULLER
ASSISTANT CITY ATTORNEY