

2015-16 Action Plan Substantial Amendment

Housing & Community
Services Department

September 22, 2015



Background

- The City receives certain federal funds because it is an entitlement city:
 - Community Development Block Grant (CDBG)
 - HOME Investment Partnerships (HOME)
 - Emergency Solutions Grant (ESG)

Consolidated Plan

- The City prepares a five-year Consolidated Plan to describe local needs and programs to meet the needs using CDBG, HOME and ESG funds
- The current Consolidated Plan covers 2014-2018
- In each year of that five-year period a one year Annual Action Plan is prepared

Process

- The City's annual funding allocations are in a 'credit line' managed by HUD
- These annual awards are completely allocated to projects with Council approval
- The City spends funds according to the annual action plan
- On a monthly basis, the City is reimbursed for the expenditures by 'drawing down' funds from the credit line

Drawdown Process

- When the City submits a drawdown request for reimbursement of funds expended, HUD requires that Program Income be expended first
- When this happens the annual allocation is reduced by a smaller amount than the actual expenditures
- As a result the credit line maintains a higher balance than the expenditures would reflect

Credit Line - HUD's Expectations

- There are two major expectations from HUD:
 1. When the City requests a drawdown for expenses that were in the annual action plan, HUD requires that program income amounts in the credit line be expended before annual allocations can be drawn
 2. On May 1 of every year the City must have no more than 1.5 times its annual allocation in its credit line
- The challenge is: the City must spend more than the annual allocation to account for program income that is added throughout the year, in amounts which cannot be anticipated

Strategy

- Staff recommends funding for projects over and above the annual allocation, based on priorities established in the annual plan
- These funds are referred to as unallocated funds
- The most recent example of a large amount of unallocated funds included in the Annual Action Plan, are the Neighborhood Stabilization funds which were designated for expenditure in Districts 1, 3, 4, and 6
- In prior years, as projects funded with unallocated and annually allocated funds have been implemented, draw downs have been sufficient to remain “under the 1.5 times the annual allocation threshold” on May 1 of any given year

Dilemma

- On May 1, 2015, it became clear that expenditure of allocated and unallocated funds during the year, had not kept pace with growing fund balances from program income
- As a result the City's credit line had more than 1.5 times its annual allocation
- This required staff to develop a strategy to expend more funds on projects which could be implemented quickly in the 2015-2016 program year
- To add funds to the program year's expenditures after the program year has started, it is necessary to submit a Substantial Amendment to HUD

Substantial Amendment

- The Substantial Amendment will add new or expanded programs to the one year plan for 2015-2016
- All proposed increases will utilize CDBG funds from program income (loan repayments, etc.) and unexpended funds from completed projects
- The proposed new programs will meet needs identified in the Consolidated Plan, needs which were identified by the public in the development of the Consolidated Plan

Infrastructure Projects

- Infrastructure projects will be included in the Substantial Amendment for:
 - Park projects
 - Bike path extensions
 - Sidewalks
 - Streets
- The amount that will be available for these projects is \$1,390,000

New or Expanded Programs

- Increase the 2% Home Improvement Loan program by \$30,000. This will serve a minimum of 10 homeowners whose interest rate will be reduced on standard home improvement loans.
- Increase dangerous building demolition funding by \$50,000 to remove a minimum of five unsafe, blighted structures for future housing development.
- Increase down-payment and closing costs assistance by \$100,000. This will serve approximately five new homebuyers.

New or Expanded Programs

- Increase funding for Code Compliance activities by \$100,000. This will add a Code Compliance Liaison to assist low income owners who have been cited for code violations either before or after they appear in Environmental Court.
- Increase funding for Program Administration by \$31,794 to cover increased indirect costs. This increase brings the Program Administration category to the 20% cap.

Program Fund Transfers

- The following transfers will make underutilized program funding available for new CDBG-eligible activities:
 - Transfer \$150,000 from Historic Revolving Loan – remaining balance is \$131,000
 - Transfer \$91,183 from Direct Revolving Loan which closes the program. The 2% Home Improvement Loan program provides the same service and is increased in this amendment.
 - Transfer \$218,878 from Rental Rehab Revolving Loan – remaining balance is \$100,000

Technical Amendments

- Revise language in Consultation Process and ESG standards
- Revise Affirmatively Furthering Fair Housing narrative for consistency with new rules (July, 2015)
- Include plan to issue RFP for Fair Housing education
- Revise contract monitoring section for consistency with new rules
- Include plan to issue RFP for Homeless Prevention Services (ESG)

Comment Period

- The Substantial Amendment process requires the City to provide a 30-day period for public comments
- The 30-day period began on September 2 and will end on October 2, 2015
- Electronic comments may be submitted to llank@wichita.gov
- Written comments may be mailed or brought to:
 - Housing and Community Services
 - 332 N. Riverview (67203)
- Oral comments may be made today and at the Council meeting on October 6, 2015

2015-2016 Consolidated Plan Substantial Amendment

Housing & Community Services Department

Serving You, In Many Ways, Every Day



Consolidated Plan One Year Action Plan



"Creating Communities of Choice"