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City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 13, 2020
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Public Hearing and Consideration of Draft City Fiscal Year (CFY) 2021 Action Plan for Housing and Community Development.

ISSUE: Public Hearing and Consideration of Draft City Fiscal Year (CFY) 2021 Action Plan for Housing and Community Development.

RECOMMENDATION: That City Council:

1. Hold a Public Hearing and receive comments on the Draft CFY 2021 Action Plan for Housing and Community Development (Action Plan) including the City's draft application for CFY 2021 funding for \$1,141,608 in Community Development Block Grant (CDBG) monies, \$585,127 in Home Investment Partnerships Program (HOME) funds, as well as \$671,570 of COVID-19 CDBG grant funds through the recently approved CARES (Coronavirus Aid, Relief, and Economic Security) Act;
2. Following the Public Hearing, approve the Action Plan; and

3. Authorize the City Manager to execute any documents required to facilitate receipt of these and any related federal grant funds.

BACKGROUND: The City of Alexandria's Consolidated Plan for Housing and Community Development has been prepared in accordance with regulations set forth by the U. S. Department of Housing and Urban Development (HUD). These regulations require that participants in certain HUD programs including, but not limited to, the CDBG and HOME programs, submit an annual Action Plan to provide a summary of the actions, activities, and specific federal and non-federal resources that will be used each year of the five-year Consolidated Plan period to address the priority needs and goals identified by the Consolidated Plan. A Draft Citizen Summary of the Action Plan is attached.

The Draft Action Plan describes specific City objectives to be undertaken or accomplished during CFY 2021 to address Alexandria's overall needs for affordable housing, shelters and services for the homeless, housing for persons with special needs, and community and economic development. The Draft Action Plan is the sixth Action Plan prepared for the CFY 2016 to 2020 Consolidated Plan period and is consistent with ongoing program activities as well as core services included in the City Manager's Proposed (revised) CFY 2021 Budget, with an addition of a COVID-19 related rental assistance program to be funded from CARES Act CDBG funds.

The Office of Housing prepares the information included in the Action Plan in consultation with other City departments, such as the Department of Community and Human Services, as well as the Alexandria Redevelopment and Housing Authority, the Partnership to Prevent and End Homelessness, and numerous area agencies and nonprofit organizations that provide services for very low-, low- and moderate-income persons.

The attached Citizen Summary provides highlights of planned federally funded program activities, and helps demonstrate the City's anticipated initiatives to leverage local, state, federal and private resources to support programs that serve and empower the very low-, low-, and moderate-income targeted populations in the Alexandria community, as reported in the CFY 2016 to 2020 Consolidated Plan submitted online to HUD in May 2015.

Several Plans adopted by City Council and other Boards and Commissions (e.g., Housing Master Plan, ARHA Strategic Plan, Aging Plan, Child, Family and Youth Master Plan), provide excellent roadmaps of the activities, services and resources the City will be dedicating for various objectives of interest to HUD.

DISCUSSION: The Draft CFY 2021 Action Plan was released on March 19 for a required 30-day public comment period, which will end on April 20th. To solicit public comments, the Draft Action Plan's release was announced by notices placed in local newspapers, via social media and the Office of Housing website. It was also distributed to a host of interested parties on March 18 via email. The Citizen Summary describes objectives and anticipated outcomes in the Draft Action Plan. A presentation and public hearing regarding the Plan during the April AHAAC meeting was canceled due to the COVID-19 pandemic, however AHAAC members, who represent a variety of stakeholder groups, have been encouraged to submit their comments in writing.

The Draft Action Plan contains the City's applications for an estimated \$1,141,608 in CDBG funds and \$585,127 in HOME Program funds and has been amended to also include \$671,570 in COVID-19 CDBG funds allocated to the City of Alexandria by the CARES Act. Most of the standard CDBG funds (\$805,962) are proposed for use in the Home Rehabilitation Loan Program and most of the HOME funds (\$556,374) are proposed for use within the Housing Opportunities Fund program for affordable housing development and preservation. The CFY 2021 CDBG and HOME funding levels presented in the Draft CFY 2021 Action Plan

and Citizen Summary are based on the Federal Fiscal Year (FFY) 2020 Approved Budget and HUD's supplemental allocation authorized by the CARES Act.

The CARES Act, which was enacted as law on March 27, 2020, authorized HUD to allocate additional CDBG funds to help communities mitigate impacts of the COVID-19 pandemic on very low-, low- and moderate-income households. Alexandria's COVID-19 CDBG allocation is \$671,570. Because of the extraordinary financial hardships experienced by many low and moderate income Alexandria households who have lost jobs and income as a result of ongoing business disruptions, and are now challenged to pay rents to maintain their housing, the Office of Housing believes that the most beneficial use of the COVID-19 CDBG funds would be to provide rental assistance to residents of City-supported affordable rental housing, including set-aside units. Targeting the funds in this way will help ensure that those assisted are income-eligible based on CDBG program guidelines (below 80% AMI) and among Alexandria's most vulnerable households. The assistance will free up other local resources for impacted residents whose incomes exceed 80% AMI and will protect the City's investments in affordable housing by bolstering revenues to support property operations. Data provided to the Office of Housing by its non-profit partners indicates many of their residents work in job sectors most affected by the pandemic, including hospitality, retail and personal services, dramatically curtailing their ability to pay rent.

As a result of housing relief programs being developed by VHDA and other government-sponsored lenders, nonprofit owner/operators of affordable housing can receive a three-month forbearance on their property mortgage payments in exchange for not penalizing tenants for non-payment. However, the non-profits will only have twelve months to make up any forborne mortgage payments, meaning that most will have to pass the make up costs on to their tenants via 12-month installment repayment plans. Staff believe the burden of potentially adding portions of missed rent payments onto regular monthly rent payments as the region begins its recovery will create an unsustainable situation for households already in precarious financial positions. While an expanded City rental assistance program is being developed, the Office of Housing has incorporated an amendment to the CDBG Draft Plan and Citizen Summary that would facilitate a program to assist renters in affordable non-profit organizations owned properties where the City has provided financial assistance, as well as for renters in privately owned rental units which fall under the City's set-aside program by paying some of their rent for up to three months (potentially up to a total of \$1,500) as a way to reduce future rent repayment burdens to a more manageable level while providing some operating revenue to property owners in the short term.

A Draft Action Plan public hearing is proposed as part of City Council's Public Hearing on April 18. This approach is consistent with the interdependence of the federal funds on the City's ability to provide critical housing programs and services: the addition of special COVID-19 funds adds a critical new resource as the City struggles to address emerging community needs. If approved by City Council, the Action Plan will be filed with HUD as soon as possible, but no later than by May 15 (forty-five days before the beginning of the program year). Staff believe that federal COVID funds would likely be released on an accelerated basis, potentially within 30 days.

FISCAL IMPACT: Upon approval of the CFY 2021 Action Plan for Housing and Community Development, HUD will appropriate a total of \$2,398,305 in new federal funding to the City for CFY 2021, including \$1,141,608 in CDBG funds, \$585,127 in HOME Program funds and \$671,570 in COVID 19 CDBG funds from the CARES Act. All of the proposed uses are consistent with the City Manager's FY 2021 revised proposed budget and will continue critical housing programs and services that help vulnerable, very low-, low-, and moderate-income households maintain their housing security and stability. The proposed program will also fortify the City's prior financial investments in housing affordability.

ATTACHMENT: Citizen Summary of the Draft CFY 2021 Action Plan for Housing and
Community Development

STAFF:

Emily A. Baker, Deputy City Manager

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