



# *City of Apache Junction*

## *Development Services Department*



**DATE:** July 24, 2019

**TO:** The Honorable Mayor and City Council

**THROUGH:** Bryant Powell, City Manager  
Larry Kirch, Development Services Director

**FROM:** Heather Patel, Program and Resource Manager

**SUBJECT:** Presentation, discussion, and public hearing of proposed projects to be submitted under Resolution No. 19-05, authorizing the submission of Fiscal Year 2019 Community Development Block Grant and Fiscal Year 2019 State Special Project grant applications and Resolution No. 19-23, committing local funds as leverage to the city's FY19 CDBG application.

### **REQUEST**

Staff respectfully requests the city council:

1. Conduct a public hearing to receive input and discuss projects for the utilization of Community Development Block Grant Regional Account ("CDBG") funds for Fiscal Year 2019 ("FY19") and State Special Project ("SSP") funds for Fiscal Year 2019;
2. Review the selected project(s) to be submitted for CDBG FY19 funding and SSP FY19 funding;
3. Review, discuss, and re-approve Resolution No. 19-05, authorizing the submission of the city's FY19 CDBG and FY19 SSP applications; and
4. Review, discuss, and approve Resolution No. 19-23, committing local funds as leverage to the city's FY19 CDBG application.

Both Programs are Federal grant programs administered by the Arizona Department of Housing ("ADOH"). The CDBG funding is allocated to the community as long as a viable project is submitted, whereas the SSP funding is a statewide competitive application process.

### **BACKGROUND**

Since 1974, the United States Department of Housing and Urban Development has provided assistance to local communities through the CDBG and SSP Programs. These Programs were established to help communities address the following national objectives:

- 1) Meet the needs of low and moderate income citizens;

- 2) Prevent/eliminate slums and blight in a community; and/or
- 3) Address urgent needs to the health/welfare of a community.

A community can use the funds to address one of the national objectives or can direct the funds to a non-profit organization. Apache Junction has participated in the CDBG program since 1982.

The City of Apache Junction is eligible to submit applications to the Arizona Department of Housing (“ADOH”) for both the CDBG and SSP funding.

Crucial to the CDBG and SSP programs is the involvement of local citizens and elected officials. In fact, to participate in the programs and receive funds a community must be able to document that citizens and officials have been given the opportunity to discuss community needs and suggest possible projects. Ultimately, the decision on which CDBG and SSP projects will be submitted rests with the elected officials in a community.

To assist communities in meeting the requirements for public participation, ADOH has established a mandatory public participation process. Failure to meet the public participation requirements will result in the disqualification of the city from the programs and an inability to receive funds.

During the public meetings the city is required to discuss the following:

- 1) Objectives of CDBG Program

- A. Project benefits the low to moderate income population

1. If the project will benefit the entire community. The city currently does not have a community wide low income percentage greater than 51% and therefore this option is not eligible;
    2. If the project will benefit a limited clientele as defined by the CDBG program, it is eligible; or
    3. If the project will benefit a specific area of the community, the area must be proven to be at least 51% low to moderate income to be eligible.

- B. Project addresses slum and blight

1. If the area is an approved redevelopment area per ARS and the Arizona Department of Housing, it is eligible. Eligible Redevelopment Areas include Crossroads and Apache Trail.

- C. Project addresses an urgent need

1. This is classified under natural disasters and is traditionally not eligible for the City of Apache Junction.

- 2) Type of Eligible Activities

Although many projects are considered eligible under the CDBG program, the proposed project must be reflected in the Arizona Department of Housing’s Consolidated Plan and Action Plan. Likewise there are restrictions for projects being submitted under the SSP program including projects considered ready to go which means the environmental review and project design has been completed. Other projects shown preference include housing rehabilitation and equipment purchases.

3) The city's previous use of CDBG funds

For a complete list of past projects visit [www.ajcity.net/cdbg](http://www.ajcity.net/cdbg)

Housing	\$2,105,060
Public Safety	\$1,016,066
Public Works	\$2,976,445
Community facilities	\$579,170
Other projects	<u>\$650,979</u>
Total funding	\$7,327,720

4) Amount of funds available

The City of Apache Junction is anticipating receiving no more than \$100,000 in CDBG funds to be used over a two year period of time (December 2019 – November 2021). These funds are guaranteed to the community as long as a viable project is submitted for funding to ADOH. The city may retain up to 18% of these funds for administrative costs. This application is due September 1, 2019.

In years past, the city partnered with the Town of Payson to receive double funding every other year. The city chose to end that partnership in 2011.

The City of Apache Junction is anticipating submitting an application for the SSP funds in which the city may request up to \$300,000 to be used over a two year period of time. These funds are a statewide competitive grant. The city may retain up to 18% of these funds for administrative costs. The anticipated application due date is summer 2020.

5) Review of the city's grievance and technical assistance procedures

A. Grievance Procedure

For detailed grievance procedures, visit [www.ajcity.net/cdbg](http://www.ajcity.net/cdbg).

B. Technical Assistance Procedure

Any individual/organization wishing to request technical assistance relating to the application process for CDBG or State Special Project funding should contact the City of Apache Junction's Grants Coordinator regarding submittal of request.

Requests for assistance must be in writing. Response to written request for assistance must be within three working days of receipt of request. Technical assistance will be available until close of the public participation process as indicated in the public notice posted each funding year.

Technical assistance may include, but is not be limited to, the following:

- 1) Provision of basic background information on CDBG;
- 2) Provision of basic background information on City Council procedures; and
- 3) Assistance in preparation of a one-page project proposal form.

Should an individual or organization need assistance preparing a request, based on a physical challenge or being non-English-speaking, that assistance will be provided through the Development Services Department and the City of Apache Junction at no charge to the individual or organization.

- 6) Identification of housing and community development needs through public meetings and hearings to obtain suggestion of projects by citizens, elected officials and staff
- 7) Discussion of needs/projects/priorities and staff recommendation including information pertaining to the number of residents served, the number of low income residents who will benefit from each activity and whether or not a resident (s) will be displaced as a result of the project.
- 8) Implementation Schedule

1/23/19	Public Notice #1
2/10/19	End of Technical Assistance
2/11/19	Public Meeting #1
3/21/19	Leadership Team meeting - staff discussion
3/27/19	Public Notice #2
4/1/19	Work Session – Council discussion
4/15/19	End of public comment period
4/16/19	Public Hearing #2
8/6/19	Public Hearing #3
8/1/19	CDBG Regional Account application due to CAG
2020	SSP application due to Arizona Department of Housing
9/1/19	CDBG Regional Account application due to Arizona Department of Housing
12/2019	Anticipated CDBG Regional Account award notification and contract signing
1/2020	Anticipated CDBG Regional Account project start date

## **DISCUSSION**

The city conducted the public participation process in early 2019. However because the public notice for the second public hearing was never posted in the newspaper, the city is required to redo the second public hearing.

On February 11, 2019 a public meeting was held to solicit input from the public on potential projects for the submission of an application. Technical assistance was provided to the community until February 10, 2019 to help formulate projects for consideration and to determine if a potential project meets the requirements of the CDBG program. One local non-profit attended the public meeting, however no viable projects were proposed.

Projects to be considered based upon previous citizen information, community needs and program eligibility include:

- 1) Owner occupied housing rehabilitation (“OOHR”)  
This proposed project rehabilitates owner occupied homes in which a priority is given to occupants who are elderly, disabled, or under the age of 18. All applicants must be low to

moderate income. SSP funding would be recommended for this type of project. Seven (&) homes could be rehabilitated with these funds.

2) Emergency Repair

This proposed project provides one-two improvements to a home with less restrictions than the OOHR program. This program is available to assist those homeowners who do not qualify under the OOHR program. The city currently has a waiting list of 16 homeowners. SSP funding would be recommended for this type of project. All 16 applicants could be served with these funds.

3) Public service projects

Although no non-profit has requested funding, this options provides the council the opportunity to consider funding a local nonprofit who can serve low to moderate income or limited clientele persons. CDBG funding would be recommended for this type of project.

4) Acquisition, demolition, and construction of affordable housing

In partnership with the Apache Junction Community Development Corporation, it is proposed a project similar to the city's fiscal year 2016 CDBG application be completed. One property will be purchased, demolished of all structures and a new single family home be constructed for a low income family.

5) Sidewalk installation – Grand View neighborhood

The Grand View neighborhood was the second neighborhood identified in the SSC Initiative. The city council elected to submit a FY15 CDBG, FY16 SSP, FY17 CDBG, FY17 SSP, and FY18 CDBG application for sidewalks. The proposed project would continue with the installation of sidewalks, curb & gutters and other drainage solutions. Design has been completed. This project would serve 1,070 residents of which 71.03% are low to moderate income.

On March 21, 2019, the Leadership team discussed the aforementioned potential projects. The team also considered a sewer hook-up project and a solar lighting project. Ultimately, the Leadership Team recommends the following to the city council:

1) Construction of Grand View sidewalks, curb & gutter and drainage improvements (both CDBG and SSP eligible)

As part of the application requirements for submission of CDBG and SSP applications, a resolution is required that authorizes the city to submit applications to ADOH for funding. Resolution No. 19-05 further authorizes the Mayor to sign the applications, contracts, and grant documents, and take all actions necessary to implement and complete the activities submitted within the applications.

On April 16, 2019, the city council adopted Resolution No. 19-05 which identified their wish to complete infrastructure improvements to the Grand View neighborhood with both FY19 CDBG and SSP funding.

In order to complete the proposed project under the FY19 CDBG application round, the city will need to commit local funds as leverage under Resolution No. 19-23. The Public Works

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Department has set aside \$100,000 in their FY19/20 budget for this project. This city also commits \$9,432 in staff time to complete the project.

### **RECOMMENDATION**

Staff respectfully recommends the city council:

1. Conduct a public hearing and discuss the proposed projects;
2. Reaffirm the project(s) to be submitted under the FY19 CDBG and FY19 SSP funding.

The following projects were previously selected by the city council:

- a. Construction of Grand View sidewalks, curb & gutter, and drainage (both CDBG and SSP eligible)
3. Re-Approve Resolution No. 19-05.
4. Approve Resolution No. 19-23.

### **ACTION REQUIRED**

The following actions are required:

- 1) Convene a public hearing;
- 2) Reaffirm project(s) to be submitted as grant applications;
- 3) Re-approve Resolution No. 19-05; and
- 4) Consideration of resolution No. 19-23.

### **ATTACHMENTS**

Attachment One: Resolution No. 19-05  
Attachment Two: Resolution No. 19-23