

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date:	June 21, 2021
Action Required:	Resolution: Minor Amendment 2021-2022 Action Plan
Presenter:	Erin Atak, Grants Coordinator
Staff Contacts:	Erin Atak, Grants Coordinator
Title:	HOME 2021-2022 Albemarle Housing Improvement Program Contingency Plan

Background:

This agenda item includes a resolution for the FY2021-2022 minor action plan amendment HOME Investment Partnerships Program (HOME) funds to be received by the City of Charlottesville from the U.S. Department of Housing and Urban Development (HUD).

In Fall 2020, the City of Charlottesville advertised a Request for Proposals (RFP) based on the priorities set by Council on September 21, 2020. The priorities were for affordable housing (priority for persons who are 0-50 percent AMI, including but not limited to low income housing redevelopment), support for the homelessness and those at risk of homelessness, workforce development (including but not limited to efforts to bolster section 3 training opportunities and partnerships with the City's GO programs, support for programs that aid in self-sufficiency, including but not limited to quality childcare), microenterprise assistance, and mental health and substance abuse services.

In November 2020, the CDBG/HOME Task Force reviewed and recommended housing and public service projects for funding and the Strategic Action Team reviewed and recommended economic development projects for funding. On June 7, 2021, City Council reviewed and approved the CDBG and HOME budget for the 2021-2022 HUD Annual Action plan submittal.

Discussion:

On June 7, 2021, Albemarle Housing Improvement Program (AHIP) was awarded \$37,352.00 HOME FY2020-2021 funds for providing 1 homeowner rehabilitation within the Ridge Street Priority Neighborhood Area. On May 27, 2021, AHIP requested to enact the contingency plan to spend their balance of \$37,352.00 of HOME funding on a different housing rehabilitation activity in the Fifeville neighborhood. AHIP states that due to the large funding gap from the original project application request, having difficulties identifying an alternative Ridge Street beneficiary, and the cost of building materials significantly increasing; the original proposal is no longer feasible.

The original scope of work proposed funding the following:

- One substantial homeowner rehabilitation at the historic Tonsler home in the Ridge Street neighborhood.

With this request, AHIP proposes to provide a substantial homeowner rehabilitation service to one new address within the Fifeville neighborhood. Estimated timeline for the potential rehab work is 5-6 weeks after signing the 2021-2022 HOME contract. The change of scope of work will assist AHIP and the City meet HUD HOME timeliness deadlines.

All CDBG and HOME applicants are required to provide reasonable assurances regarding the achievement of objectives in three categories: 1) Effectiveness and efficiency of operations; 2) Reliability of reporting for internal and external use; and 3) Compliance with applicable laws and regulations. All non-federal entities must submit internal controls documents to comply with federal statutes, regulations, and the terms and conditions of the CDBG/HOME federal award. Internal controls are a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and risks can be classified by operations, reporting, and compliance. To assist with HOME timeliness requirements, HUD 24 CFR 570.902(a), CDBG and HOME subrecipients may request to enact the contingency plan from the submitted internal controls checklist.

Community Engagement:

In accordance with the CDBG/HOME Citizen Participation Plan, during the request for proposal process City staff discussed home timeliness with Habitat staff.

The original AHIP approval was part of the Action Plan that was advertised for a thirty-day comment period (March 30 – April 30, 2021) before being sent to HUD for approval. The Action Plan was also sent to Charlottesville Neighborhood community members and Housing Directors Council for public comment. Comments received were incorporated into the Action Plan. The Action Plan was submitted to HUD on June 7, 2021 after City Council approval.

If council approves the request, then an approval will be submitted to HUD as a minor Action Plan Amendment for the 2021-2022 fiscal year. The full action plan can be viewed on the City Website through the following [link](#). Minor Action Plan Amendments do not require a public hearing.

Alignment with City Council's Vision and Strategic Plan:

Approval of this agenda item aligns directly with Council's vision for Charlottesville to have **Economic Sustainability, A Center for Lifelong Learning, Quality Housing Opportunities for All, and A Connected Community**. It contributes to variety of Strategic Plan Goals and Objectives including: Goal 1: Inclusive, Self-sufficient Community; Goal 3: Beautiful Environment; Goal 4: Strong, Diversified Economy; and Goal 5: Responsive Organization.

Budgetary Impact:

None

Recommendation:

Staff recommends approval of AHIP HOME FY2021-2022 change of scope of work to assist with HOME program compliance, HUD 24 CFR 570.902(a).

Alternatives:

City Council can deny the request, which in turn will cause the balance of 37,352.00 HOME funds to be included into a new request for proposals for new funding applications.

Attachments:

AHIP Contingency Plan dated May 27, 2021

Resolution for Minor 2021-2022 Action Plan Amendment

Contingency Plan

In the event of an incident like this year's COVID-19 pandemic, which impacted AHIP's ability to serve clients and meet certain spending deadlines, AHIP is proactively identifying more houses than are needed to spend down the funding and meet our beneficiaries-served goals. Additionally, we have taken the approach of serving households in the priority neighborhood through a blend of comprehensive, whole-house rehabs and standalone emergency repairs to address health and safety deficiencies. This two-prong approach will allow us to address different levels of need while doing the most good for residents in CDBG/HOME priority neighborhoods.

AHIP would like to amend our FY22 HOME proposal, as written the proposal specifically mentioned rehab work at a historic Tonsler home in the Ridge Street neighborhood. That project as estimated would have cost \$248,160 and was seeking HOME funding in the amount of \$100,742. The HOME allocation recommended by the CDBG Task Force was \$37,352 leaving a funding gap of \$63,390. In all likelihood, that funding gap is probably even larger now since the cost of building materials has increased significantly since that job was estimated. As such, the rehabilitation of the historic Tonsler home is no longer feasible at this time. AHIP's FY22 HOME proposal planned for a smaller allocation than requested and suggested using any significantly smaller award of FY22 HOME funds to rehab the home of an alternate, eligible beneficiary family.

AHIP has identified an alternate, eligible beneficiary family in the Fifeville neighborhood and would like to re-purpose the FY22 HOME award to rehab that house. The new proposed client has already been working closely with AHIP, the scope of work has been developed, the project has been estimated, and the project had previously been approved by City staff on April 16, 2021, and was going to be funded by FY21 CDBG funds. However, due to COVID related delays, delays in identifying an adequate number of Ridge Street beneficiaries, and delays surrounding the approval of the project, there was not enough time to complete, or even begin the work before the FY21 CDBG money was reprogrammed by HUD on April 1, 2021. As you can imagine, this client was shocked to hear that the funds were reprogrammed and her project put on hold until replacement funding became available. I've talked with this client by phone and met with her in person to try to assure her that AHIP was doing everything in our power to fund her project, but that ultimately the decision was in the hands of City staff and City Council.

AHIP is requesting that City Council consider our amended proposal to allow us to re-purpose the FY22 HOME allocation to the above mentioned Fifeville family. As mentioned, the project has previously been estimated and approved and rehab activity is ready to begin. Granting this request will ensure the timely spending of the FY22 HOME funds and help the City of Charlottesville remain in HUD compliance regarding spending timeliness.

RESOLUTION
Approval of Albemarle Housing Improvement Program Contingency Plan
FY 2021-2022 Minor Annual Action Plan Amendment

BE IT RESOLVED, that the Charlottesville City Council hereby approves the Albemarle for Housing Improvement Program Contingency Plan and the FY 2021 - 2022 Minor Action Plan Amendment of the 2018-2022 Consolidated Plan. This will assist the City and the subrecipient meet CDBG and HOME timeliness goals. All HOME funds are to be expended by the June 30, 2022 program deadline.

Approved by Council
June 21, 2021

Kyna Thomas, MMC
Clerk of Council