TO: Mayor and City Council

FROM: Marshall Eyerman, Chief Financial Officer

AGENDA DATE: March 17, 2020

TITLE: PUBLIC HEARING TO ADOPT SUBSTANTIAL AMENDMENT #2 TO THE FISCAL YEAR 2019-2020 ACTION PLAN

RECOMMENDED ACTION

Recommendations: That the City Council:

1. Conduct a Public Hearing to allow public comment on the proposed Substantial Amendment #2 to the FY 2019-2020 Annual Action Plan.

2. Review and adopt the proposed Substantial Amendment #2 to the FY 2019-2020 Annual Action Plan.

3. Authorize a budget amendment as set forth in the fiscal impact section and authorize the Chief Financial Officer to allocate grant funds between HUD-approved grant activities.

SUMMARY

This report recommends that the City Council conduct a Public Hearing to update the FY 2019-2020 Annual Action Plan to change the following to the project funded by the HOME Investment Partnerships Program (HOME):

1. Courtyards at Cottonwood Family Apartments Project.

The amendment to the Action Plan would allocate funding to the Courtyards at Cottonwood Family Apartments project. The pledging of grant dollars will help the City to meet the commitment and expenditure deadlines as imposed by the Department of
Housing and Urban Development (HUD). The allocation of these HOME funds will not impact any projects, as previously approved by the City Council.

The staff report was reviewed by the Finance Sub Committee at their February 25, 2020 meeting and recommended to move to City Council for review.

**DISCUSSION**

As a recipient of federal grant funding, the City of Moreno Valley completes a five-year Consolidated Plan and an Annual Action Plan Update that details the use of the grant funds issued to the City by the Department of Housing and Urban Development (HUD). Federal law requires that in cases where there are substantial changes to an approved Plan that cities notify its citizens of the proposed amendment(s) and provide them the opportunity to comment by holding a Public Hearing, then submitting the Council-approved ‘Substantial Amendment(s)’ to HUD for final approval.

This staff report requests the City Council approve the proposed substantial amendment and award of funding for the following project:

1. **Courtyards at Cottonwood Family Apartments Project.**

City staff is proposing to allocate $1,000,000 in HOME funds for the construction of a gated, affordable residential development on an 8.10-acre site (6.78 net acres) located at the northeast corner of Cottonwood Avenue and Indian Street (APN: 482-161-021) in the City of Moreno Valley, CA. The proposed development consists of eighty (80) plus 1 manager’s affordable units within two (2) two-story, 30-unit family buildings with a total of eight (8) 1-bedroom, twenty-four (24) 2-bedroom and twenty-eight (28) 3-bedroom units. The proposed development also includes a one-story, 20-unit senior building with sixteen (16) 1-bedroom and four (4) 2-bedroom units. The proposed project will also include a 4,840 square-foot Community Building with management, leasing, services and maintenance offices, a maintenance garage, computer lab, laundry room and a full kitchen. Site amenities are also proposed to include a community pool, a tot lot, basketball court and a senior vita course. A manager’s unit will be located on the second floor of the community building. The proposed development will be an affordable housing project that will be rented to extremely low-income households (up to 30% of median income), and low-income households (up to 60% of median income). All income-restricted units will be at rents that do not exceed affordable rents as defined in the California Health and Safety Code. A portion of the units will be reserved for senior citizen households.

If City Council chooses to approve these projects for HOME funding, it would not only assist the City to meet its upcoming grant commitment deadlines but also its future expenditure deadlines. It should be noted that this project proposes to utilize $3,500,000 of the City’s NSP1 grant monies to leverage funding for this project. This addition of NSP funds shall be proposed separately as under Substantial Amendment No. 3 to the FY 2019-2020 Annual Action Plan.
ALTERNATIVES

Alternative 1: Conduct the Public Hearing, adopt Substantial Amendment #2, affecting HOME, to the FY 2019-2020 Annual Action Plan; and authorize the Chief Financial Officer to allocate grant funds between HUD-approved grant activities. Staff recommends this action because it complies with HUD’s substantial amendment requirements, would allow for the City to better meet the commitment goals established for the HOME Program and assist to meet future spend down requirements.

Alternative 2: Decline to adopt Substantial Amendment #2, affecting HOME to the 2019-2020 Annual Action Plan; and not authorize the Chief Financial Officer to allocate grant funds between HUD-approved grant activities. Staff DOES NOT recommend this action because it does not comply with HUD’s substantial amendment requirements, would not allow for the City to meet its upcoming commitment goals established for the HOME Program and would not assist to meet future spend down requirements.

FISCAL IMPACT

The allocation of the CDBG funds has been made available from the previously approved allocation by the City Council. The allocation of the HOME funds will not impact any projects, as previously approved by the City Council. This amendment would have no impact on the General Fund.

The following allocation of grant funds is proposed:

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<tr>
<th>Description</th>
<th>Fund</th>
<th>GL Account No.</th>
<th>Type (Rev/Exp)</th>
<th>FY 19/20 Budget</th>
<th>Proposed Adjustments</th>
<th>FY 19/20 Amended Budget</th>
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NOTIFICATION

Notice of this meeting was published in the Press-Enterprise newspaper on February 13, 2020. The official 30-day public review period occurred from February 13, 2020 to March 17, 2020. Respondents were given the opportunity to provide comments via email, telephone, and in person. Staff would like to note that at the time of submission of this report there were no comments received from the public either in support or opposing the project.

PREPARATION OF STAFF REPORT

Prepared By: Dena Heald
Financial Operations Division Manager

Department Head Approval: Marshall Eyerman
Chief Financial Officer

CITY COUNCIL GOALS
Positive Environment. Create a positive environment for the development of Moreno Valley's future.

Community Image, Neighborhood Pride and Cleanliness. Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

ATTACHMENTS

1. Press Enterprise Notice - Substantial Amendment #2

APPROVALS