



City of San Antonio

Agenda Memorandum

File Number: 13-1024

Agenda Item Number: 43.

Agenda Date: 11/21/2013

In Control: City Council A Session

DEPARTMENT: Department of Planning and Community Development (DPCD)

DEPARTMENT HEAD: John Dugan

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Affordable Housing Policy Changes

SUMMARY:

This item revises the City's Housing Policy for Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) to allow the City's housing programs to be operated in an efficient and effective manner. In addition, the policy changes would allow allocated funds to be spent in a more expedient manner. These revisions serve to address some immediate changes that are needed to the policy. The Housing Policy will likely be further refined, and included as part of the update to the Strategic Plan for Community Development in the spring of 2014. Additionally, revisions were also based on technical assistance provided by the U.S. Department of Housing and Urban Development (HUD), Office of Community of Planning and Development via Cloudburst Consulting Group.

BACKGROUND INFORMATION:

The current Housing Policy for CDBG and HOME incorporates the City's goals and objectives and uses the following as a foundation:

- (1) HUD regulations,
- (2) The Five-Year Consolidated Plan;
- (3) The City's Master Plan Policies;
- (4) The City's Housing Master Plan;
- (5) Mission Verde Sustainability Plan; and
- (6) Neighborhood Community and Sector Plans.

Over the past years, several amendments have been made to the Housing Policy to improve the delivery of all CDBG and HOME funded programs. The need for additional changes to the Housing Policy has been identified by City staff and community stakeholders in response to changing market conditions and programmatic issues that have resulted in allocated funds not being spent during the term of funding contracts.

ISSUE:

Staff is recommending revisions to the City's current Housing Policy in three areas: (1) Clarifying language related to maximum assistance amounts; (2) removal of references related to Second Time Assistance; and (3) Removal of references to Repayment Terms and Requirements related to Minor Home Repair. These revisions would give the Department of Planning and Community Development greater latitude to timely and efficiently address concerns presented to the Department by stakeholders on a case-by-case basis within the Guidelines established by City Council.

(NOTE: Language to be added to the Housing Policy is noted by underscoring. Language to be removed from the Housing Policy is noted by ~~strike-through~~.)

1. Staff is recommending the following revised language for the City's current Housing Policy as it relates to the value after reconstruction or rehabilitation.

Determining After Rehabilitation Value

In accordance with 24 CFR 92.254(b), housing currently owned by a family (i.e., owner-occupied housing) only qualifies as affordable housing under the HOME Program if the estimated value of the property, after-rehabilitation, does not exceed the HOME Homeownership Value Limits for Existing Housing (as established by HUD). The City and/or Sub recipients must maintain files showing how the after-rehabilitation value was determined and found to be within the applicable program limits. The property's value must be determined prior to the provision of HOME Program assistance. The value must be established by using the City's After-Rehabilitation Value Worksheet.

Section 92.254(a)(2)(iii) of the Final Rule published on July 24, 2013, HUD established new homeownership value limits for the HOME Participating Jurisdictions (PJs). These new limits apply to homeownership housing to which HOME funds are committed on or after August 23, 2013, and remain in effect until HUD issues new limits.

For clients that are assisted with CDBG or HOME funds, the loan, plus the amount of any outstanding lien on the property shall not exceed 90 percent of the after-rehabilitation value of the property. The City's Quality of Life Council Committee, on a case-by-case basis, may waive the loan and deferred payment loan maximum if the after-rehabilitation value of the property is high enough to support the expenditure, and if the rehabilitation option is less costly than other housing alternatives.

The City Manager, Deputy City Manager, Assistant City Manager or the Director of Planning and Community Development may on a case by case basis administratively approve a loan or grant amount not to exceed \$15,000 above the maximum limit for any Owner-Occupied Rehabilitation or Reconstruction project under the following circumstances:

- To address outstanding repairs or necessary work to close out an existing project;
- The need to provide reasonable accommodations in accordance with the Americans with Disabilities Act or other local, state or federal law;
- Unanticipated costs deemed necessary to meet applicable City Codes;

- Unforeseen environmental issues; and
- Addressing issues that threaten the life, health, safety and welfare of the public.

2. Staff is recommending the following revised language for the City’s current Housing Policy as it relates to providing additional assistance consistent with the limited circumstances described above.

Additional Loan Conditions

The city or sub-recipient may secure a subordinate position to the existing mortgage.

Loan documents will contain the requirement that the rehabilitated home must remain owner-occupied during the loan term. If a home is vacated or leased during the term of the loan, then the full remaining balance of the loan is immediately due and payable in full. If the home is transferred through sale during the term of the loan the balance is immediately due and payable in full.

Second Time Assistance

~~If a client has already been assisted with CDBG or HOME funds for Rehabilitation, Reconstruction or Major Systems Repair, they are prohibited from additional CDBG or HOME funds after the project is complete. No second time assistance will be provided to an address or individual. There will be no exceptions to this provision.~~

3. Staff is recommending the following revised language for the City’s current Housing Policy as it relates to minor home repairs and the repayment terms and requirements.

Minor Home Repair

~~CDBG funds may be used to perform minor home repairs as well as ADA modifications for seniors 62 years of age or older, disabled individuals meeting the Census Bureau definition of Disabled, or families at or below 80% of the AMI.~~

Repayment Terms and Requirements

~~Assistance will be offered in the form of a one-time grant not to exceed \$4,999 per household excluding environmental and administrative soft costs necessary to engage the client and property. ~~Individuals or properties assisted with said funds may not be assisted again for any other activity involving CDBG /HOME funds, i.e. no second time assistance per individual or property.~~~~

CDBG funds may not be used for the purchase or repairs of appliances (except for energy efficient window units) for any unnecessary renovations. Unnecessary renovations are those that are intended solely for convenience or for increasing the value of the home and do not directly eliminate a sub-standard condition. Additionally, activities considered ineligible include but are not limited to, tree trimming (unless tree is cause of eminent danger for occupants or structure), sidewalks outside the property boundaries, fences (unless deemed necessary for elimination of health or safety hazard) and yard work.

Exception: The removal of any items from the property that are considered to be dangerous in nature which include but are not limited to, detached garages, sheds, trees, fences and sub-standard additions.

Scope of Repair

~~Qualified minor home repairs are those that are essential for eliminating health and safety hazards from the home. Funds may be used to repair or replace any deficiencies in accordance with City Rehabilitation Standards, minimum Housing Quality Standards per HUD regulations. ~~All repairs will be made consistent with local codes.~~ Repairs or modifications may also be made to accommodate for physical disabilities. Eligible repairs include but are not limited to meeting the health and safety needs of the occupants, improving the comfort of the occupant(s), meeting basic needs for privacy, security, and addressing a critical need for living space. Eligible repairs include, but are not limited to mechanical, electrical, plumbing, roofing, foundation, and HVAC. ~~If at time of inspection, repairs identified exceed \$4,999, the applicant will be referred to a rehabilitation program.~~~~

~~Minor home repairs and ADA modifications are not eligible activities under HOME funds. HOME funds may **not** be used for any special purpose home repairs such as emergency repairs, weatherization or handicap accessibility programs unless the whole home is brought to local code standards.~~

ALTERNATIVES:

The alternative would be not to adopt policy amendments, which would allow the identified policy issues to continue. These changes

to the policy are necessary to improve the execution of our housing programs.

FISCAL IMPACT:

There is no fiscal impact to the budget.

RECOMMENDATION:

Staff recommends that the City Council approve the recommended changes to the City's Housing Policy.