



# City of San Antonio

## Agenda Memorandum

**File Number:**14-366

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**Agenda Item Number:** 14.

**Agenda Date:** 3/13/2014

**In Control:** City Council A Session

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**DEPARTMENT:** Department of Planning and Community Development

**DEPARTMENT HEAD:** John M. Dugan

**COUNCIL DISTRICTS IMPACTED:** 1,2,3,4,5,6,7

**SUBJECT:** Reprogramming of CDBG and HOME Funds and Target Area Revisions

### **SUMMARY:**

A Public Hearing and consideration of an Ordinance authorizing the reprogramming of \$540,536 in Home Investment Partnership (HOME) funds and \$4,512,653 in Community Development Block Grant Funds (CDBG) available from City-wide project completions, cancelled projects and available Section 108 loan repayment funds for eligible activities consistent with the five year Consolidated Plan and the Strategic Plan for Community Development; authorizing the amendment of the FY 2014 Action Plan and Budget; and authorizing the revision of the District 5 REnewSA target area to replace Palm Heights with Collins Garden.

### **BACKGROUND INFORMATION:**

The City of San Antonio receives an annual entitlement of Community Development Block Grant awarded through the U.S. Department of Housing and Urban Development (HUD). These funds are designed to meet the needs of persons who are of low and moderate income and for preserving and developing low-income communities.

On August 1, 2013, City Council adopted the FY 2014 Action Plan and Budget (amended December 5, 2013), which allocated CDBG funds and HOME funds for the following activities:

#### **FY 2014 CDBG Allocation**

- Debt service obligation repayment
- Public services
- Green and Healthy Homes matching grant

- Minor repair activities
- Strategic reinvestment for façade improvements and catalytic projects
- Public infrastructure improvements
- Administration

#### **FY 2014 HOME Allocation**

- Multi-family development set-aside
- CHDO Single family housing new construction
- CHDO Operating Fund
- Strategic reinvestment funds for down payment assistance and homeowner rehabilitation
- Administration

Quarterly, the City identifies available funds from completed and cancelled activities and provides City Council with recommendations to utilize these funds for eligible community development and affordable housing activities that address a myriad of actions necessary to advance the goals of both the five year Consolidated Plan and the City’s Strategic Plan for Community Development.

The City also adopted a place-based approach of targeting and layering resources in five geographically defined areas to provide more meaningful and comprehensive services within a given community. These efforts integrate inter-departmental collaboration that seeks to transform distressed areas within the City of San Antonio into ones of opportunity by coordinating internal COSA resources earmarked for revitalization efforts, and leveraging those with like private dollars, to give areas with the need and capacity for this type of assistance a better opportunity to utilize these resources.

#### **ISSUE:**

##### **A. Revised REnewSA Target Area**

Staff recommends a revision to the District 5 REnewSA target area by, replacing the Palm Heights area with the Collins Garden area. The Collins Garden neighborhood is located just north of Palm Heights (Attachment I). The purpose of the revision is to allow staff to build on established partnerships among private and public entities and additional leveraged efforts including Healthy Hubs Pilot Program, existing revitalization efforts, current networks, and demonstrated community engagement. The Collins Garden area being in closer proximity to the downtown area serves as the Nogalitos “Gateway” to the southwest corridor of San Antonio and would provide a strategic reinvestment benefit.

##### *Health Hubs Pilot Program*

A new concept, Healthy Hubs, was piloted in the Collins Garden neighborhood to layer multiple policy and environmental change strategies for improved health within a concentrated area. A Hub has at least one healthy eating venue and at least one physical activity resource, is safely accessible by walking or biking, and includes strong community engagement and promotion.

##### **B. CDBG and HOME Reprogramming**

Staff has identified \$4,512,653 in CDBG funds and \$540,536 in HOME funds as a result of project savings from completed/cancelled activities and available Section 108 loan repayment funds (Attachment II). To utilize these available funds, the City, through a substantial amendment to the existing Annual Action Plan, needs to allocate these available resources to eligible activities consistent with the five year Consolidated Plan and the Strategic Plan for Community Development.

### *EastPoint Choice Infrastructure Improvements*

Staff proposes adding \$2,000,000 in available CDBG funds for public infrastructure improvements for the EastPoint Project in addition to the \$4,125,299 currently allocated for EastPoint from prior year federal allocations including \$2,362,000 in CDBG, \$1,400,000, in HOME, and \$363,299 in Neighborhood Stabilization Program funds. Additional CDBG funds will specifically be utilized for public infrastructure improvements which will be leveraged by a \$29M HUD Choice Implementation Grant to redevelop Eastpointe and revitalize the adjoining Wheatley neighborhood.

### *Strategic Catalytic Re-investment*

Staff proposes adding \$1,230,000 in available CDBG funds for Strategic Catalytic Re-investment in the Edgewood, Harlandale, University Park/Blue Ridge, and Collins Garden target areas. Project funds will assist various projects in support of the Strategic Plan for Community Development, making them more attractive to private investors. Staff will work to identify projects that act as catalysts to stimulate private investment as an important start to the revitalization process. Catalytic projects include: pedestrian connections, installation of sidewalks, landscaping, historic street signs and other signage, park improvements, street improvements, gateways and art installation.

### *Multi-family Housing Set Aside Activities*

Available HOME funds in the amount of \$300,536.72 will be set aside for multi-family rental development activities. It is anticipated that these funds will leverage TDHCA's Housing Tax Credit Program, tax exempt bond financing and/or other rental workforce housing programs.

### *Single Family Housing Programs*

Staff proposes utilizing federal funds for assisting low-to-moderate income household through the following initiatives:

#### *Minor Repair Program*

Staff recommends CDBG funds in the amount of \$250,000 for the minor repair of homes owned by low-to-moderate income households, adding to an existing \$250,000 made available through the FY 14 Action Plan Budget and bringing the total level of program funding to \$500,000. The increased program budget is in line with prior Quality of Life Committee recommendation on June 18, 2013. The program is delivered through existing nonprofit sub-recipient partners. The additional funding will allow the program to double the impact to approximately 76 residential units. The program complements the City's Green and Healthy Homes Initiative and City Public Services Casa Verde Program.

#### *Paint and Beautify Pilot Program*

Staff recommends CDBG funds in the amount of \$350,000 for the Paint and Beautify Program within Council District 5. This pilot program will focus on providing exterior residential improvements including landscaping, fencing, and exterior painting to enhance low income neighborhoods.

#### *Habitat for Humanity Infill Housing*

Staff proposes CDBG funds in the amount of \$275,000 to fill a financing gap for the Habitat for Humanity Pillar Oaks/Cornerstone project. Funding would be in addition to the \$1.3M in FY 2013 HOME funds utilized to provide newly constructed affordable housing units on undeveloped land in the City's inner west side. The gap is the result of environmental noise mitigation costs in accordance with Federal standards and additional site infrastructure costs.

#### *Homebuyer Incentive Program*

Staff proposes \$240,000 in HOME funds to be utilized for the City's Homebuyer Incentive Program

(HIP). HIP funds assist eligible persons who are buying a new or existing home within the ICR/IP of San Antonio with up to \$12,000 for down payment and closing costs. This zero percent loan program requires the homebuyer to repay 25% of the principal loan amount at the time of resale. The remaining principal is forgiven after the homebuyer has met a 10-year owner occupancy requirement. For schoolteachers, police officers, and firefighters, the Program forgives the full amount of the principal once the borrower has satisfied the 10-year owner occupancy requirement.

#### *Green and Healthy Homes Initiative*

Staff proposes \$60,000 in CDBG funds for Lead and Asbestos Abatement activities of a new Respite Care facility at 327 W. Craig Place to expand services. The property is located in the Monte Vista Neighborhood in Council District 1. Respite Care is a series of services and programs administered by professionally trained caregivers. Services include a full-service child daycare, an emergency shelter, foster placement and part time day out programs. Most programs are for children with special needs, as well as siblings. Funds to address lead hazards will be in conjunction with a substantial rehabilitation of the facility.

#### *Targeted Façade Improvement*

CDBG funds in the amount of \$96,556 will support facade improvement initiatives to reverse the deterioration of commercial structures in targeted areas and stimulate new, private investment and economic growth. Funds are in addition to the previously allocated \$58,771. The City anticipates approximately 8 businesses will be able to receive grant assistance through the program.

#### *Public Infrastructure Improvements*

Staff proposes substituting \$160,000 in available CDBG funds to support public infrastructure improvements in the Street Maintenance Program in low-to-moderate income neighborhoods allowing a redirection of \$160,000 in General Funds to St. Vincent de Paul Commercial Kitchen Improvements at Haven for Hope. The substitution will permit the City to honor its commitment to the St. Vincent De Paul project, while adhering to HUD's instruction for the City not to expend additional HUD funds on the Haven for Hope site. The substitution of funds will allow the project to be completed without the use of federal funds.

#### *Budget Adjustment*

The remaining \$91,097.80 substitution is a correction to the sources of funds, to fund uses previously approved by QOL Committee in November 2013 and City Council on December 5, 2013 through Ordinance 2012-12-05-0860.

#### **ALTERNATIVES:**

City Council may elect not to approve one or more of the associated Quality of Life recommendations.

#### **FISCAL IMPACT:**

The reprogramming action will not have an impact on the General Fund Budget. \$540,536 in Home Investment Partnership (HOME) funds and \$4,512,653 in Community Development Block Grant Funds (CDBG) will be made available from completed activities, cancelled projects and available Section 108 loan repayment funds.

#### **RECOMMENDATION:**

Staff recommends authorizing the reprogramming of \$540,536 in Home Investment Partnership (HOME)

funds and \$4,512,653 in Community Development Block Grant Funds (CDBG) available from City-wide project completions, cancelled projects and available Section 108 loan repayment funds for eligible activities consistent with the five year Consolidated Plan and the Strategic Plan for Community Development; authorizing the amendment of the FY 2014 Action Plan and Budget; and authorizing the revision of the District 5 REnewSA target area to replace Palm Heights with Collins Garden.