



City of San Antonio

Agenda Memorandum

File Number:20-7429

Agenda Item Number: 4

Agenda Date: 1/7/2021

In Control: Culture and Neighborhood Services Committee

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Substantial Amendment #2 to the FY 2021 HUD Action Plan and Budget (CDBG-CV and CDBG)

SUMMARY:

Consideration of a recommendation for Substantial Amendment #2 to the FY 2021 HUD Action Plan and Budget to:

- (A) Program the second allocation of Community Development Block Grant CARES Act (CDBG-CV) funding in the amount of \$10,249,127 to the following activities: (a) \$9,000,127 for the COVID-19 Emergency Housing Assistance Program; (b) \$159,540 for Eviction Intervention court support; (c) \$189,460 for Housing Counseling and Foreclosure Prevention; and (d) \$900,000 to provide temporary shelter for homeless individuals and families; and

- (B) Reprogram FY 2021 Community Development Block Grant (CDBG) entitlement funds in the amount of \$4,325,000 from the COVID-19 Emergency Housing Assistance Program to the following activities: (a) \$2,000,000 for affordable rental housing development; (b) \$1,000,000 for affordable homeownership housing development; (c) \$900,000 for Owner Occupied Rehabilitation for older housing; and (d) \$425,000 for the Minor Repair Program.

BACKGROUND INFORMATION:

On August 13, 2020, City Council approved the \$22.4 million FY 2021 HUD Action Plan and Budget (Action Plan) for the four federal grant programs funded by the U.S. Department of Housing and Urban Development (HUD). On September 11, 2020, the City of San Antonio (the City) received an award letter for a second

allocation of CDBG-CV funding in the amount of \$10,249,127 authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). On October 29, 2020, City Council approved Substantial Amendment #1 to the FY 2021 HUD Action Plan to reprogram \$4,875,000 of FY 2021 Community Development Block Grant entitlement funds from affordable housing development activities to the COVID-19 Emergency Housing Assistance Program.

A federal entitlement municipality adjusting the adopted action plan budget by 10% or more requires a substantial amendment process that includes a public notice, a 30-day public comment period and a public hearing prior to any City Council action. However, the CARES Act reduced the public comment period to not less than 5 days and allows for virtual public hearings when necessary for public health reasons. Staff will issue a public notice in the San Antonio Express News in both English and Spanish on January 8, 2021 to initiate the public comment period which will run through January 13, 2021. A virtual public hearing will be held on January 13, 2021 at 5:00 pm.

ISSUE:

This substantial amendment contains recommendations to program \$10,249,127 in second round CDBG-CV funding and to reprogram \$4,325,000 in CDBG entitlement funding.

(A) Staff recommends allocating \$10,249,127 of CDBG-CV funding to following activities:

COVID-19 Emergency Housing Assistance Program	\$9,000,127
Eviction Intervention court support	\$159,540
Housing Counseling and Foreclosure Prevention	\$189,460
Temporary shelter for homeless individuals and families	\$900,000
Total	\$10,249,127

(B) The approved FY 2021 HUD Action Plan included CDBG gap funding of \$4,875,000 with \$3,250,000 for rental housing and \$1,625,000 for homeownership housing development. These funds were subsequently reprogrammed to the COVID-19 Emergency Housing Assistance Program (EHAP) in FY 2021 Substantial Amendment #1. Staff recommends reprogramming \$4,325,000 of CDBG entitlement funds from COVID-19 EHAP to the following activities:

Affordable Rental Housing Development (Gap Funding)	\$2,000,000
Affordable Homeownership Housing Development (Gap Funding)	\$1,000,000
Owner Occupied Rehab for older housing stock (8 homes)	\$900,000
Minor Repair (13 homes to be repaired)	\$425,000
Total	\$4,325,000

EHAP, TDHCA Rental Assistance Program, and Texas Eviction Diversion Program

On April 23, 2020, City Council approved the creation of the COVID-19 Emergency Housing Assistance Program (EHAP). The program provides eligible applicants rental or mortgage assistance, utility assistance, and cash assistance. The project budget is currently \$76,745,323 with the acceptance of an additional \$4,675,127 in CDBG-CV funding the total budget will become

\$81,420,450.

As of December 21st, the City of San Antonio has approved \$65.8 Million in assistance to residents seeking emergency rental, mortgage and utility assistance to over 25,000 households.

The chart below provides the breakout by City Council District.

Emergency Housing Assistance Program (As of December 21, 2020)				
CD	Avg. AMI %	Approved Househd	Avg. HH Size	Approved \$
1	27.3	2,422	3	6,157,001
2	27.8	3,353	3	8,552,433
3	28.9	2,834	3	7,196,035
4	29.0	2,302	3	6,160,866
5	24.4	1,931	3	4,615,696
6	32.3	2,548	3	6,888,666
7	28.7	2,790	3	7,273,948
8	31.6	2,867	2	7,707,843
9	31.1	1,861	2	5,228,972
10	31.7	2,185	3	6,058,572
Totals		25,093		65,840,032

Federal and state agencies also enacted new programs to prevent evictions. At the state level, The Texas Department of Housing and Community Affairs (TDHCA) is making \$40 million in Community Development Block Grant CARES Act (CDBG-CV) funds available to entitlement communities in the state of Texas who have existing COVID-19 rental assistance programs and have indicated an interest to participate in the Texas Emergency Rental Assistance Program (TERAP). On November 23, 2020, TDHCA announced allocations to entitlement communities with San Antonio to receive \$3,603,100.02. The money will be available on January 15, 2021 and \$3.24 million will be distributed through the existing EHAP platform. The \$3.24 million added to the EHAP increases the total budget to \$84,663,240.

In November, staff participated in trainings on how to administer the program and worked to develop an online application. The remaining \$360k will be earmarked for the Texas Eviction Diversion Program (TEDP) which provides rental assistance to tenants who have been sued for eviction, providing the landlord and tenant an alternative to eviction.

NHSD is currently participating in the pilot TEDP with a \$600,000 allocation from TDHCA. For this program as of December 21st, 13 households have been awarded rent assistance totaling \$80,106. Each household receives 6 months of assistance; the current average per household is \$6,162. Another 77 applications are currently in process. Additional funding for the program may be available and staff will monitor and pursue.

Finally, the County is also receiving TERAP from TDHCA and will partner with the City to administer their \$717,196 allocation and added \$1,500,000 of additional funding to contribute \$2.2M in total for rental assistance. This partnership will help make the EHAP program available county-wide.

Federal Stimulus Bill

Congress approved a second <https://www.marketwatch.com/story/party-leaders-begin-sales-pitches-on-coronavirus-aid-deal-ahead-of-monday-votes-11608517129?mod=home-page> \$900 billion stimulus package

on December 21 that will extend the nationwide eviction moratorium by one month through the end of January. The stimulus package is also expected to provide \$25 billion in emergency rental assistance-with \$1.9 billion for Texas-and extends the deadline to use relief funds set aside in the CARES Act. The bill also includes a second round of stimulus checks of at least \$600.

In addition to assistance with funding, staff has been providing guidance to landlords and tenants about the ongoing CDC eviction moratorium. Tenants with incomes below \$99,000 (or \$198,000 for a two-adult household) who have been financially impacted by COVID-19 can provide their landlord with a declaration to prevent an eviction, even if a court date has been set or judgement has already been issued. The City provides declaration templates in multiple languages at <https://covid19.sanantonio.gov/Assistance/Residents/Housing-Evictions>

ALTERNATIVES:

An alternative to awarding this funding for the recommended activities would be to reject the recommendation; however, this proposed action is in response to the public health emergency that has impacted many vulnerable people at risk of homelessness.

FISCAL IMPACT:

This funding recommendation programs \$10,249,127 in CDBG-CV CARES Act funding and reprograms \$4,325,000 in Community Development Block Grant entitlement funding. There is no impact to the City's General Fund.

RECOMMENDATION:

Staff recommends Substantial Amendment #2 to the FY 2021 HUD Action Plan and Budget to program \$10,249,127 in CDBG-CV funding to assist vulnerable populations and to mitigate the impacts of COVID-19 and to reprogram \$4,325,000 in CDBG entitlement funds to affordable housing preservation and development activities and to housing counseling and eviction prevention.