



City of San Antonio

Agenda Memorandum

File Number:17-1264

Agenda Item Number: 2.

Agenda Date: 1/26/2017

In Control: Housing Committee

DEPARTMENT: Department of Planning & Community Development

DEPARTMENT HEAD: Bridgett White, Director

COUNCIL DISTRICTS IMPACTED: Council Districts 2, 3, 5, 6, 7, 10 and City-Wide

SUBJECT:

Substantial Amendment to the FY 2017 Annual Action Plan (Reprogramming)

SUMMARY:

Consideration of a recommendation authorizing a Substantial Amendment to the FY 2017 Annual Action Plan to reprogram Community Development Block Grant (CDBG) funds in an amount not to exceed \$2,105,884.33 and \$1,951,351.15 in HOME Investment Partnerships Program funding.

BACKGROUND INFORMATION:

The City of San Antonio receives annual entitlements of Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funding through the U.S. Department of Housing and Urban Development (HUD). CDBG funds are designed to meet the needs of persons of low and moderate income, and to preserve and redevelop low-income communities. HOME funds are designed to meet affordable housing needs of low and moderate income households and homebuyers.

On August 4, 2016, through Ordinance 2016-08-04-0554, the City Council adopted the FY 2017 Action Plan and Budget which allocated CDBG and HOME funding to the following activities:

Community Development Block Grant

Funding Category	CDBG Activity Description	Budget
Debt Service	Required annual HUD Section 108 loan repayment	\$4,794,419
Neighborhood Revitalization	Strategic catalytic improvements, façade improvements, code enforcement, EastPoint, and brownfield remediation	\$4,088,509
Special Needs Population	Parks and Recreation community center extended hours and a summer youth program	\$272,422
Affordable Housing	Fair housing, improvements for low income residents requiring residential minor repairs including major systems, code violations, and accessibility improvements, and housing rehabilitation program delivery costs	\$1,550,584
Economic Development	Financial education program	\$200,000
Administration	Grant administration, program management and legal services	\$2,341,484
	Total CDBG Budget	\$13,247,418

HOME Investment Partnerships Program

Funding Category	HOME Activity Description	Budget
Affordable Housing	Eastside choice Neighborhood Multi-Family Rental Development	\$2,500,000
Affordable Housing	Single Family Rehabilitation and Reconstruction	\$1,500,000
Affordable Housing	Multifamily rental set-aside	\$1,250,000
Affordable Housing	CHDO single family housing new construction	\$1,220,000
Affordable Housing	CHDO operating expense set-aside	\$20,495
Affordable Housing	Homebuyer Incentive Program	\$301,476
Administration	Grant administration, program management and legal services	\$752,386
	Total HOME Budget	\$7,544,357

ISSUE:

CDBG Reprogramming

Staff has identified \$2,105,884.33 in CDBG funds as a result of program income, program savings, and cancelled activities. To utilize these available funds, the City needs to allocate available resources to eligible activities consistent with the Five Year Consolidated Plan through a substantial amendment to the FY 2017 Annual Action Plan. The recommendations are as follows:

SMP/CDBG Swap (CD 2, 3, 5, and 7)

Staff proposes swapping \$1,552,753 in CDBG funding with City of San Antonio Street Maintenance Program General Funds, thereby allowing the City to fund a deficit resulting from disallowed costs in the City's CDBG account. The disallowable costs go back to FY 2012 and beyond. Four public infrastructure improvement projects to include St. James Reconstruction (Burnet to Hays St), W. McKinley Ave (Roosevelt to S. Presa), San Patricio (Nueva Leon to S. Hamilton), and Brandywine Ave (Maiden Ln to NW 36th St) that are currently funded with FY 2017 General Fund dollars will now be

funded with CDBG reprogrammed dollars allowing the General Funds to be used for the CDBG deficit.

Zarzamora/IH 35 Gateway Project (CD 4)

Staff proposes utilizing \$106,000 in supplemental CDBG funding for the Zarzamora/IH 35 Gateway Project. This project has already been awarded \$254,000 in CDBG funds and this supplemental funding is necessary to fully fund the activity. CDBG funds will be used to design and construct an artistic gateway feature.

Blessed Sacrament Academy Infrastructure Improvements (CD 3)

Blessed Sacrament Academy's (BSA) mission is to accompany families and individuals on a walk to a life of success and self-sufficiency by providing education and offering hope to children, youth and families. BSA offers an array of programs that include a child development center, an alternative high school, and a parents academy. BSA has requested funding to alleviate flooding by constructing a retention pond on the BSA property. Staff proposes utilizing \$447,131.33 for these improvements.

HOME Reprogramming

Staff has identified \$1,951,351.15 in HOME funds as a result of program income and program savings. To utilize these available funds, the City needs to allocate available resources to eligible activities consistent with the Five Year Consolidated Plan through a substantial amendment to the FY 2017 Annual Action Plan. The recommendations are as follows:

Oak Valley Apartments (CD 10)

Pedcor Development Associates is proposing a \$34 million, 192 unit rental housing development, located at 12613 Judson Road, in Council District 10. This development will consist of eight housing units restricted to households at 80% of area median income (AMI) and two housing units restricted to households at 50% of area median income. Staff proposes providing \$1.25 million in gap financing for this activity.

Lenwood Heights - Phase II (CD 6)

Habitat for Humanity is proposing the development of 41 single-family units located at 259 S. Acme Road (south of Commerce) in Council District 6. This development will assist households at or below 80% of area median income (AMI). Staff is recommending supplemental funding in the amount of \$140,000 for the Lenwood Heights -Phase III project, bringing the total HOME financing to \$1,360,000 for this \$4.9 million project.

Owner Occupied Rehabilitation/Reconstruction Program (City-Wide)

The Department of Planning and Community Development's Housing Division proposes utilizing this funding to assist an additional six low to moderate income homeowners with rehabilitation or reconstruction of their homes. Staff proposes awarding \$561,351.15 for this activity.

HUD requires a 30 day public comment period and a public hearing for all substantial amendments to the Action Plan. The public comment period will be initiated on January 23, 2017 and a public hearing will be held at the City Council meeting on February 23, 2017.

ALTERNATIVES:

An alternative would be to reject the recommendations and issue a new application process; however, the recommended projects meet the established evaluation criteria. In addition, any other alternative to appropriate funding would delay the timely commitment and expenditure of these federally sourced funds.

FISCAL IMPACT:

On August 4, 2016, City Council approved the FY 2017 CDBG budget totaling \$13.2 million and HOME budget totaling \$7.5 million. Reprogrammed funds would increase the CDBG budget to \$15.4 million and HOME budget to \$9.5 million for FY 2017.

There is no impact the City's General Fund.

RECOMMENDATION:

Staff recommends forwarding to the full City Council approval of a Substantial Amendment to the FY 2017 Annual Action Plan to reprogram Community Development Block Grant (CDBG) funds in an amount not to exceed \$2,105,884.33 and \$1,951,351.15 in HOME Investment Partnerships Program funding.