



City of San Antonio

Agenda Memorandum

File Number:17-1542

Agenda Item Number: 26.

Agenda Date: 2/23/2017

In Control: City Council A Session

DEPARTMENT: Department of Planning & Community Development

DEPARTMENT HEAD: Bridgett White, Director

COUNCIL DISTRICTS IMPACTED: Council Districts 3, 5, 6, 7, 10 and Citywide

SUBJECT:

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

SUMMARY:

A Public Hearing and 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 \$1,923,255.33 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 \$1,923,255.33 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:

Street Maintenance Program/CDBG Swap (CD 3, 5, and 7)

Staff proposes using \$1,370,124 from the FY 2017 Street Maintenance Program General Funds, to fund a deficit resulting from disallowed costs in the City's CDBG, HOME, and HUD 108 and NSP accounts. Through this action, three public infrastructure improvement projects currently funded through the FY 2017 Street Maintenance Program will be funded with CDBG reprogrammed which will provide the dollars needed to fund the deficits. The proposed projects to be funded with CDBG funds include W. McKinley Ave (Roosevelt to S. Presa), San Patricio (Nueva Leon to S. Hamilton), and Brandywine Ave

(Maiden Ln to NW 36th St). The disallowed costs were incurred from projects that date back to 2008.

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 parent's academy. BSA has requested funding to alleviate flooding by constructing a detention 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 \$1,250,000 in gap financing for this activity.

Lenwood Heights - Phase II (CD 6)

Habitat for Humanity is proposing the development of 44 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 II project, bringing the total HOME financing to \$1,670,000 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.

This item was approved by the Housing Committee on January 26, 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 \$15.2 million and HOME budget to \$9.5 million for FY 2017.

Through this ordinance \$1,370,124 in previously authorized FY 2017 General Fund Street Management Program will be used to fund the deficit resulting from disallowed costs in the City's CDBG, HOME, HUD 108 and NSP accounts. Through this action, three public infrastructure improvement projects currently funded through the FY 2017 Street Maintenance program will be funded with CDBG reprogrammed.

RECOMMENDATION:

Staff recommends 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 \$1,923,255.33 and \$1,951,351.15 in HOME Investment Partnerships Program funding.