



City of San Antonio

Agenda Memorandum

File Number: 17-2709

Agenda Item Number: 2.

Agenda Date: 5/31/2017

In Control: Housing Committee

DEPARTMENT: Department of Planning & Community Development

DEPARTMENT HEAD: Bridgett White, Director

COUNCIL DISTRICTS IMPACTED: Council Districts 1, 2, 4, 5, 6, and Citywide

SUBJECT:

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

SUMMARY:

Consideration of a recommendation authorizing a Substantial Amendment to the FY 2017 HUD Annual Action Plan to reprogram Community Development Block Grant (CDBG) funds in an amount not to exceed \$7,460,326.55 and \$1,918,490.28 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 - FY 2017 Adopted Budget

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 - FY 2017 Adopted Budget

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

Subsequently, on February 23, 2017, through Ordinance 2017-02-23-0119, City Council approved Substantial Amendment #1 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.

ISSUE:

CDBG Reprogramming

Staff has identified \$7,460,326.55 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:

Fixing Disallowable Costs Issue

To fix a HUD finding of the City spending CDBG funds on an unallowed function, staff proposes swapping \$646,447.63 in CDBG funding with City of San Antonio Street Maintenance Program General Funds, thereby allowing the City to fund the balance of a deficit resulting from disallowed costs in the City's CDBG account. The disallowable costs go back to FY 2012 and beyond. The three public infrastructure improvement projects include Canadian Street Reclamation (N. New Braunfels to N. Palmetto), St. James Reconstruction (Burnet to Hays St.), and St. Charles Reconstruction (Lamar to

Burnet) 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.

Lamar Street Reconstruction (CD 2)

Staff proposes utilizing \$700,281.13 in supplemental CDBG funding for the Lamar Street Reconstruction (Austin to N. New Braunfels). This project was already awarded \$979,679.79 in January 2016. This project has an approved environmental review and this supplemental funding is necessary to fully fund the activity.

Shirley Street Reconstruction (CD 2)

Staff proposes utilizing \$233,000 in supplemental CDBG funding for Shirley Street Reconstruction (E. Carson to Hood St.). This project was already awarded \$385,241.45 in January 2016. This project has an approved environmental review and this supplemental funding is necessary to fully fund the activity.

Mosscircle Drive Sidewalks (CD 4)

Staff proposes utilizing \$20,250 in supplemental CDBG funding for Mosscircle Drive Sidewalks (Glengarden to Cul-De-Sac). This project was already awarded \$89,750 in FY 2017 CDBG funding. This project has an approved environmental review and this supplemental funding is necessary to fully fund the activity.

Ferncircle Drive Sidewalks (CD 4)

Staff proposes utilizing \$15,500 in supplemental CDBG funding for Ferncircle Drive Sidewalks (Glengarden to Cul-De-Sac). This project was already awarded \$89,500 in FY 2017 CDBG funding. This project has an approved environmental review and this supplemental funding is necessary to fully fund the activity.

Zarzamora/IH 35 Gateway Project (CD 4)

Staff proposes utilizing \$10,000 in supplemental CDBG funding for Zarzamora/IH 35 Gateway Project. This project was already awarded \$360,400 in FY 2016 and FY 2017 CDBG funding. This project has an approved environmental review and this supplemental funding is necessary to fully fund the activity.

S. Calaveras St. Pedestrian Safety Improvements (CD 5)

Staff proposes utilizing \$19,347.79 in supplemental CDBG funding for S. Calaveras Pedestrian Safety Improvements (Brady to Mercedes). This project was already awarded \$122,601.89 in FY 2015 CDBG funding. This project has an approved environmental review and this supplemental funding is necessary to fully fund the activity.

District 5 Additional Streetlight Improvement Project (CD 5)

Staff proposes utilizing \$200,000 in CDBG funding to install additional street lights in Council District 5 to increase security and public safety. The current street light standard requires a street light be placed at the end of each block and at mid-block, if the block exceeds 600ft. In District 5, a pilot project was developed to provide additional lights at approximately 175 feet spacing. The funds would pay for the capital costs of placing new infill lights.

Calcasieu Apartments Rehabilitation (CD 1)

Staff proposes utilizing \$812,500 in CDBG funding for the Alamo Community Group for the rehabilitation of the Calcasieu Apartments, a 64 unit multi-family rental housing development, located at 214 Broadway. All units will be restricted to households at 80% of area median income (AMI). This activity scored second in the FY 2017 Request for Applications process for HOME funding, but the project scope is better suited for CDBG funding.

HUD Section 108 Additional Loan Payment

Staff proposes utilizing \$4,803,000 in CDBG funding for an optional redemption payment to the HUD Section 108 Loan. This repayment amount will assist in meeting the CDBG timeliness test on August 1, 2017.

HOME Reprogramming

Staff has identified \$1,918,490.28 in HOME funds as a result of program income. 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:

Easterling Culebra Apartments (CD 6)

Prospera Housing Community Services is proposing an \$18 million, 90 unit rental housing development, located at 9936 Culebra Rd, in Council District 6. This development will consist of 74 units restricted to households at 80% of area median income (AMI). Staff proposes providing \$1.2 million in gap financing for this activity. The developer has already been awarded 9% Housing Tax Credits from the Texas Department of Housing & Community Affairs (TDHCA) and is at risk of losing them if they do not receive gap financing. The developer anticipates committing the proposed award of \$1,200,000 by September 30, 2017.

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 five low to moderate income homeowners with rehabilitation or reconstruction of their homes. Staff proposes awarding \$438,490.28 for this activity. Staff anticipates committing the proposed award by September 30, 2017.

Homebuyer Incentive Program (City-Wide)

The Department of Planning and Community Development's Housing Division proposes utilizing this funding to assist an additional 29 low to moderate income home buyers with down payment and closing costs assistance. Staff proposes awarding \$280,000 for this activity. Staff anticipates committing the proposed award by September 30, 2017.

HUD requires a 30 day public comment period and a public hearing for all substantial amendments to the Action Plan. The public comment period was initiated on May 15, 2017 and a public hearing will be held at the City Council meeting on June 15, 2017.

ALTERNATIVES:

An alternative would be to reject the recommendations; however, 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. Substantial Amendment #1, approved through Ordinance 2017-02-23-0119, increased the CDBG budget to \$15.2 million and the HOME budget to \$9.5 million for FY 2017. This Substantial Amendment would increase the CDBG budget to \$22.6 million and the HOME budget to \$11.4 million.

There is no impact to 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 \$7,460,326.55 and \$1,918,490.28 in HOME Investment Partnerships Program funding.