



City of San Antonio

Agenda Memorandum

File Number:14-1103

Agenda Item Number: 4.

Agenda Date: 5/29/2014

In Control: City Council A Session

DEPARTMENT: Department of Planning and Community Development

DEPARTMENT HEAD: John M. Dugan

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

FY 2015 CDBG, HOME, HOPWA and ESG Budget Adoption

SUMMARY:

A Public Hearing and Ordinance adopting the 40th year Community Development Block Grant (CDBG) in the total amount of \$12,705,226; the 23rd year HOME Investment Partnerships Program Entitlement Grant (HOME) in the total amount of \$4,857,323; the Housing Opportunities for Persons with AIDS Entitlement Grant (HOPWA) in the total amount of \$1,212,217; and the Emergency Solutions Grant (ESG) in the total amount of \$956,346 as each grant is contained in the FY 2015 Consolidated Annual Action Plan/Budget; authorizing the reprogramming and reallocation of \$543,277 in CDBG funds and \$53,337 in HOME funds included in the total amount; the allocation of estimated program income in the amount of \$653,336 in CDBG funds and \$864,000 in HOME funds, included in the total amount; appropriate funds; authorizing personnel complement of forty-five positions; authorizing the submission of the grants to the U.S. Department of Housing and Urban Development (HUD).

BACKGROUND INFORMATION:

The City of San Antonio receives four federal entitlement grants awarded through 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. The four grants include CDBG, HOME, ESG and HOPWA. Each year the City conducts an action plan process to identify and implement community development and affordable housing

activities that address a myriad of activities necessary to advance the goals of both the five year Consolidated Plan and the Strategic Plan for Community Development.

The five year Consolidated Plan (FY 2011-2015) is an assessment of affordable housing and community development needs and market conditions, which serves as the framework for community wide dialogue to identify priorities. The Strategic Plan for Community Development provides investment strategies for addressing all elements of community development: reinvestment planning, coordinating city resources and leveraging private sector investment.

On March 19, 2014, HUD notified the City of San Antonio of final entitlement awards for the FY 2015 CDBG, HOME, ESG, and HOPWA grants. The amount of grant funds available for the FY 2015 Action Plan and Budget includes HUD entitlement awards but also, available reprogrammable funds from completed activities, and estimated FY 2015 program income based on projected loan re-payments and lease payment obligations. The following table provides a comparison of the approved FY 2014 Budget and the proposed FY 2015 Budget across the four grant programs.

Final FY 2015 Action Plan Budget				
Entitlement Grant	FY 2014 Budget*	FY 2015 Budget	Year to Year Variance	Variance %
CDBG	\$ 14,059,585	\$ 12,705,226	\$ (1,354,359)	-9.6%
HOME	4,292,605	4,857,323	564,718	13.1%
ESG	843,303	956,346	113,043	13.4%
HOPWA	1,138,748	1,212,217	73,469	6.4%
	\$ 20,334,241	\$ 19,731,112	\$ (603,129)	-2.9%

**Includes reprogramming actions during FY 2014*

On April 2, 2014, a Public Hearing for public comment on the development of the City's FY 2015 HUD Entitlement Grant Programs and Budget, including the CDBG, HOME, ESG, and HOPWA Grants. On April 15, 2014, the Quality of Life Council Sub-committee voted to forward to the full City Council the proposed FY 2015 Action Plan and Budget.

ISSUE:

The strategy for developing the final proposed FY 2015 Action Plan and Budget involved a review of existing funding levels for ongoing initiatives to ensure priorities have adequate resources to achieve community revitalization objectives. The recommendations for the four entitlement programs are as follows:

Community Development Block Grant

Under the CDBG Program, the City has a commitment to meet the annual Section 108 debt service obligations of \$4.8 million. CDBG funds in the amount of \$1.2 million previously allocated for delegate agency public service activities have been reprioritized to support Strategic Catalytic Reinvestments in the REnewSA Target Areas including \$1.0 million for the EastPoint Initiative. Additionally, recommendations include funding for façade improvements, code enforcement, a continuation of the District 5 Spruce Up and Minor Repair Programs, and a new initiative with Habitat for Humanity to implement the Alamo Brush Up Program. Finally, the proposal includes \$1.3 million funding to support public infrastructure improvements in eligible CDBG areas including quiet zones, park development, and/or street improvements. A summary of the CDBG budget is

in Attachment I.

Home Investment Partnership Program

The FY 2015 HOME budget reinforces the place based concept with an allocation of approximately \$1.2 million for the Wheatley Phase III Senior Housing Development located in the REnewSA Target Area. Additionally \$1.9 million would be available to support other multi-family tax credit projects or other affordable rental development efforts. Additionally, HOME funds will support Community Development Housing Organizations (CHDO) by setting aside \$850,000 for single family new construction development and operating expense activities. Finally, \$426,925 is allocated to the City's Homebuyer Incentive Program to assist eligible homebuyers with down payment and closing costs assistance. A summary of the HOME budget is in Attachment II.

ESG and HOPWA

The Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) grant programs are administered by the Department of Human Services. The final FY 2015 ESG entitlement amount resulted in an increase of \$113,043 or 13.4% while the HOPWA program realized an increase of \$73,649 or 6.4%. A summary of the ESG and HOPWA budget is in Attachment III and IV.

Administration

The proposed FY 2015 Action Plan and Budget provides at \$2.5 million for the Department of Planning and Community Development administrative oversight of the CDBG and HOME Programs. The Department of Human Services is provided \$277 thousand in support of grant administrative oversight of the ESG, HOPWA and Fair Housing Program. The City Attorney's Office is provided \$197 thousand to provide legal support for the four grant programs.

Staff proposes several key improvements to ensure the administration and delivery functions are continually innovated to implement the City's proposed programs and targeted neighborhood initiatives. The budget provides for an efficient functional model of grant administration while ensuring resources remain available to manage partnership performance of residential and reinvestment programs. The budget allows for the outsourcing of a significant portion of loan servicing providing for management of existing single family housing loans funded by HUD. Additionally, the administrative budget allows appropriate resources to initiate planning of the new Five Year Consolidated Plan process for FY 2016-2020 beginning in October 2015 as recommended herein.

ALTERNATIVES:

Staff recommendations may be approved, disapproved, or amended in part. All projects must meet HUD eligibility regulations and would have to conform to the stated limitations.

FISCAL IMPACT:

This ordinance appropriates funds for four federal grants as follows: \$12,705,226 in 40th year Community Development Block Grant (CDBG); \$4,857,323 in 23rd year HOME Investment Partnerships Program Entitlement Grant (HOME); \$1,212,217 in Housing Opportunities for Persons with AIDS Entitlement Grant (HOPWA); and \$956,346 in Emergency Solutions Grant (ESG). This ordinance also authorizes the re-programming and reallocation of \$543,277 in CDBG funds and \$53,337 in HOME funds from completed FY

2010 and FY 2013 activities as described in Attachment V.

RECOMMENDATION:

Staff recommends approval of FY 2015 Action Plan and Budget administering programs funded through the City's four U.S. Department of Housing and Urban Development (HUD) grant programs including the Community Development Block Grant (CDBG), the Home Investment Partnership Grant (HOME), the Emergency Solutions Grant (ESG), and the Housing Opportunities for Persons with AIDS (HOPWA) Grant for the fiscal year beginning October 1, 2014 as approved to be forwarded to the full City Council by the Quality of Life Committee on April 15, 2014.