



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1608

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**Agenda Item Number:** 4.

**Agenda Date:** 2/8/2021

**In Control:** Planning and Land Development Committee

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto, FAICP, Director

**COUNCIL DISTRICTS IMPACTED:** City-Wide

### **SUBJECT:**

Substantial Amendment #3 (Reprogramming) to the FY 2021 Action Plan and Budget

### **SUMMARY:**

Consideration of a recommendation to approve Substantial Amendment #3 to the FY 2021 Action Plan and Budget to reprogram up to \$3,401,669 in HOME Investment Partnerships Program (HOME) funds to eligible affordable housing development activities and Community Development Block Grant (CDBG) funds in an amount not to exceed \$1,144,002 to eligible public works and public services activities consistent with the Five-Year Consolidated Plan as follows: (a) up to \$630,506 for Zarzamora Service Center Environmental Remediation; (b) up to \$208,282 for the Parks and Recreation Summer Youth Program; (c) up to \$75,000 for the Avenida Guadalupe Master Plan; (d) up to \$100,000 for the Minor Repair Program; (e) up to \$99,250 for consultant services for the HUD Five-Year Consolidated Plan; (f) up to \$12,540.97 in supplemental funding for the St. James Street Reconstruction project, and (g) up to \$18,423.03 in supplemental funding for the Canadian Street Reclamation project.

### **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 U.S. Department of Housing and Urban Development (HUD) federal grants which included \$2.5 million in HOME funding for affordable rental and homeownership housing development. On January 21, 2021, City Council approved Substantial Amendment #2 to the FY 2021 Action Plan which added \$3 million in CDBG funding for affordable rental and homeownership housing development. The City issued Requests for Applications for both Rental and Homeownership Housing Development in October 2020. Five rental housing development applications totaling \$5,150,000 in funding and three homeownership housing applications

totaling \$3,626,669 in funding were evaluated. City Council will consider funding awards for all eight proposals on February 18, 2021.

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 public comment period and a public hearing prior to any City Council action. 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 February 12, 2021 to initiate the public comment period which will run through February 17, 2021 and on that day a virtual public hearing will be held at 5:00 p.m.

## **ISSUE:**

Substantial Amendment #3 to the FY 2021 Action Plan and Budget proposes reprogramming \$3,401,669 in HOME Investment Partnerships Program (HOME) funding and \$1,144,002 in Community Development Block Grant (CDBG) funding to eligible activities consistent with the Five-Year Consolidated Plan.

### HOME Investment Partnerships Program

Staff has identified \$3,401,669 in HOME funds from program income and savings from completed projects and recommends reprogramming funds to affordable rental and homeownership housing development activities to fund all eight proposals received.

### Community Development Block Grant

As a result of program savings and cancelled activities, staff has identified \$1,144,002 in CDBG funds and recommends reprogramming funding to the following eligible activities:

#### Zarzamora Service Center Environmental Remediation (District 5)

Staff recommends up to \$630,506 in funding for environmental remediation at the former Zarzamora Service Center located at 4503, 4531, and 4719 South Zarzamora Rd. The total estimated cost to remediate this site is \$3.2 million. In April 2020, the City redirected FY 2020 CDBG funding from this project to the COVID-19 Emergency Housing Assistance Program as part of the pandemic-19 response. This recommendation restores necessary funding to complete the project.

#### FY 2021 Parks and Recreation Summary Youth Program (City-Wide)

Staff recommends up to \$208,282 in funding to the Parks and Recreation Department for the Summer Youth Program. In April 2020, the City redirected FY 2020 CDBG funding from this activity to the COVID-19 Emergency Housing Assistance Program (EHAP) as part of the pandemic response and did not fund the activity in the FY 2021 Annual Action Plan as funds were redirected to EHAP. Parks and Recreation Department anticipates operating this program this summer.

#### Avenida Guadalupe Master Plan (District 5)

Staff recommends an award of \$75,000 in CDBG admin funding for the Avenida Guadalupe Master Plan. The Avenida Guadalupe area is located in the historic Westside of San Antonio. This plan will provide an overall development concept that reflects community needs through urban design and place-making principles. This activity was approved by City Council in FY 2020 utilizing CDBG admin and planning funds and is still ongoing. A reprogramming action is required to fund the activity with FY 21 CDBG admin funds.

#### Minor Repair Program (City-Wide)

Staff recommends an award of \$100,000 in CDBG funding for the Minor Repair Program to assist low

to moderate income households with non-emergency health and safety items and other necessary repairs up to \$25,000 per household.

#### HUD Consolidated Plan (N/A)

Staff recommends an award of \$99,250 in CDBG admin funding for consultant services for completion of the City's Five-Year Consolidated plan due to HUD on August 16, 2021. City Council approved a consultant contract in FY20 utilizing CDBG admin and planning funds and this activity is still ongoing. A reprogramming action is required to fund the activity with FY 2021 CDBG admin funds.

#### St. James Street Reconstruction (District 2)

Staff recommends up to \$12,540.97 in supplemental funding for St. James Street Reconstruction project. This project has already been awarded \$146,103.20 in FY 2018 reprogrammed CDBG funds for infrastructure activities and is substantially complete. This supplemental funding comes from savings from a completed Public Works infrastructure project and is necessary to fully fund and complete the activity.

#### Canadian Street Reclamation (District 2)

Staff recommends up to \$18,423.03 in supplemental funding for Canadian Street Reclamation project. This project has already been awarded \$186,813.23 in FY 2018 reprogrammed CDBG funds for infrastructure activities and is substantially complete. This supplemental funding comes from savings from a completed Public Works infrastructure project and is necessary to fully fund and complete the activity.

This item will be considered by the City Council on February 18, 2021.

#### **ALTERNATIVES:**

An alternative to appropriating CDBG and HOME funding would be to reject the recommendations; however, the proposed activities are in line with the Five-Year Consolidated Plan and will assist in the timely commitment and expenditure of these federally sourced funds.

#### **FISCAL IMPACT:**

Substantial Amendment #3 to the FY 2021 Action Plan and Budget reprograms \$3,401,669 in HOME Investment Partnerships Program (HOME) funding and \$1,144,002 in Community Development Block Grant (CDBG) funding to eligible activities consistent with the Five-Year Consolidated Plan. There is no impact to the City's General Fund.

#### **RECOMMENDATION:**

Staff recommends forwarding to the full City Council consideration of a recommendation to approve Substantial Amendment #3 to the FY 2021 Action Plan and Budget to reprogram up to \$3,401,669 in HOME Investment Partnerships Program (HOME) funds to eligible affordable housing development activities and Community Development Block Grant (CDBG) funds in an amount not to exceed \$1,144,002 to the following eligible activities consistent with the Five Year Consolidated Plan; (a) up to \$630,506 for Zarzamora Service Center Environmental Remediation; (b) up to \$208,282 for the Parks and Recreation Summer Youth Program; (c) up to \$75,000 for the Avenida Guadalupe Master Plan; (d) up to \$100,000 for the Minor Repair Program; (e) up to \$99,250 for consultant services for the HUD Five-Year Consolidated Plan; (f) up to \$12,540.97 in supplemental funding for the St. James Street Reconstruction project, and (g) up to \$18,423.03 in supplemental

funding for the Canadian Street Reclamation project.