

Quality of Life Committee Approved March 17, 2015

Reprogramming of CDBG Funds and Establishing a Revolving Fund for the Land Bank Program - **REVISED**

Summary

This item presents a Reprogramming of Community Development Block Grant (CDBG) and for housing and community development related activities and to establish a revolving fund with Neighborhood Stabilization Program (NSP) revenues to support redevelopment efforts in NSP Targeted Areas. City Council will consider this item on April 16, 2015.

Background

Community Development Block Grant

The City of San Antonio receives an annual entitlement of Community Development Block Grant awarded through the U.S. Department of Housing and Urban Development (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.

On May 29, 2014, City Council adopted the FY 2015 Action Plan and Budget which allocated CDBG funds for the following activities:

Funding Category	Description	Budget
Debt Service	Required annual Section 108 loan repayment	\$ 4,764,493
Neighborhood Revitalization	Strategic catalytic improvements, façade improvements, code enforcement, Spruce Up and Alamo Brush Up Programs	\$3,174,886
Public Infrastructure	Improves to the integrity of street and sidewalks, community parks, and quiet zones.	\$1,280,000
Housing	Improvements for low income residents requiring residential minor repairs including major systems, code violations, and accessibility improvements. Program expenses related to the delivery of Green and Healthy Homes Initiative, Spruce Up Program, and Minor Repair activities.	\$590,000
Public Services	Parks and Recreation initiatives for residents in low income communities access to summer outdoor pools, community center extended hours, and a summer youth program	\$474,145
Administration	Fair housing administration, legal services, and grant administration and program management	\$2,421,722

Quarterly, the City identifies available funds from completed and cancelled activities and provides City Council with recommendations to utilize these funds for eligible community development and affordable housing activities that address a myriad of actions necessary to advance the goals of the five year Consolidated Plan.

Neighborhood Stabilization Program

The City of San Antonio received an allocation of \$8,635,899 in Neighborhood Stabilization Program (NSP) funds in March, 2009. These funds were authorized nationwide under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA) and administered by the Department of Housing and Urban Development (HUD) for assistance for the redevelopment of abandoned and foreclosed homes and residential properties.

For the San Antonio program, NSP funds are authorized for use in six target areas. These areas were chosen based on the results of a citywide foreclosure analysis, due to the high concentration of foreclosures.

On November 1, 2012, through Ordinance 2012-11-01-0859, City Council allocated \$1,240,000 to San Antonio Affordable Housing, Inc. (SAAH, Inc.), a non-profit entity, to establish a Land Banking for the purpose of maintaining, assembling, facilitating redevelopment of, marketing, and disposing of abandoned or foreclosed residential properties. A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property.

Issues

CDBG Reprogramming

Staff has identified \$1,425,474.72 in CDBG funds as a result of project savings from completed/cancelled activities (Attachment I). 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 2015 Annual Action Plan. The proposed activities are as follows:

Palo Alto Apartments (CD 4)

Staff proposes providing additional gap financing of \$600,000 in available CDBG funds to support the new Palo Alto Apartment development located at the southwest corner of Hwy 16 and Loop 410. On October 16, 2014, City Council approved an award of FY 2015 Home Investment Partnership (HOME) funds in the amount of \$1,087,322.86, however due to rising construction costs additional funds are needed to fill the financing gap. The project is scheduled to close financing by June 30, 2015. Construction is scheduled to begin in the fall 2015. When complete, the Palo Alto Apartments will have a total of 322 units available for persons at or below 60% of area median income (AMI).

Public Safety Improvement Plan (Primarily CD 5)

The City's Transportation and Capital Improvement Services Department developed a pedestrian safety improvement plan in light of high number of pedestrian accidents and fatalities in our community. The Public Safety Improvement Plan was presented to Infrastructure and Growth Council Committee in February 2015 and was approved. The Plan calls for \$1 million in improvements including projects such as school zone flashers and signal modifications, "Z" Crossings, and Hawk Signals in low to moderate income areas.

Habitat for Humanity – Hope Village (CD 6)

Staff proposes providing \$125,000 in available CDBG funds to install infrastructure improvements for five single family units on a 3.8 acre vacant tract of land in Edgewood REnewSA Target focus area. When the development is fully complete, Hope Village will support the development of 21 affordable single family homes. Infrastructure work will commence in August 2015 and then will complete the homes in 2016.

Green and Healthy Homes Initiative (City Wide)

Staff proposes providing \$200,274 in available CDBG funds to leverage approximately \$4 million remaining Lead Hazard Reduction Demonstration Grant (LHRD) funds to assist low to moderate income families address health and environmental safety issues across San Antonio. Specifically, CDBG funds will be utilized for specific minor repairs items which are not eligible through LHRD grants. CDBG funding will allow Green and Healthy Homes Initiative staff to complete homes that would not otherwise be able to be served with the LHRD funds alone.

Neighborhood Stabilization Program

During the implementation of the Land Bank activity, SAAH, Inc has acquired, maintained, and repaired 12 foreclosed single family homes. To date, five homes have been sold to income eligible households generating revenues in the amount of \$386,416.33. SAAH, Inc requests the establishment of a Revolving Fund to utilize revenues generated from the sale of residential properties acquired through the Land Bank in order to acquire additional foreclosed and abandoned properties.