

## FY 2015 CDBG HOME ESG HOPWA

2<sup>nd</sup> Public Hearing 9am Thursday May 29, 2014 @ City Council Chambers

### Action Plan and Budget Summary



### Background

The City of San Antonio receives four (4) federal entitlement grants awarded through the 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. These 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 the living and built environment that constitute a sustainable community organized around three approaches: reinvestment planning, coordinating city resources and leveraging private sector investment.

At the February 18, 2014 Quality of Life Committee meeting, committee members supported an Action Plan funding strategy as follows:

#### *Community Development Block Grant*

The Quality of Life Committee supported the initial staff recommendations to continue prior CDBG grant priorities including funding the annual Section 108 debt service payment, REnewSA initiatives, Green and Healthy Homes grant match, housing repair, and fair housing activities.

#### *Home Investment Partnership Program*

The Quality of Life Committee supported the initial staff recommendations to continue homebuyer activities, Community Housing Development Organization (CHDO) Set Aside activities, and multi-family rental development set aside to support projects receiving low income housing tax credits or similar programs designed to leverage private investments.

#### *ESG and HOPWA*

The Quality of Life Committee supported the initial ESG staff recommendations to continue rapid re-housing, homeless prevention, emergency shelter or street outreach services. The Quality of Life Committee also supported the initial staff HOPWA recommendations to continue permanent housing placement services, rental/utility assistance, transitional shelter, medical hospice with 24-hour care, and essential services such as meals, transportation for persons with HIV/AIDS.

#### *REnewSA Target Areas*

Additionally, Quality of Life Committee members supported continuing revitalization efforts in targeted geographies throughout the City's core in FY 2015. The five REnewSA *Target Areas* include:

Neighborhood(s)	Council District(s)
Edgewood Area	District 6
University Park – West / Blueridge	Districts 1, 5, & 7
Collins Garden Area	District 5
Harlandale Area	Districts 3 & 5
Wheatley Area – North	District 2

The continuation of *place-based* approach of targeting and layering resources in a geographically defined area is consistent with the Council-adopted Strategic Plan for Community Development, and seeks to provide more meaningful and comprehensive services within a given community. Through the brand of REnewSA, an inter-departmental collaborative was created to transform distressed areas within the City of San Antonio into ones of opportunity by coordinating internal COSA resources earmarked for revitalization efforts, and leveraging those with like private dollars, to give areas with the need and capacity for this type of assistance a better opportunity to brand these resources.

### Issue

#### *Sources of Funds*

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 appropriation was consistent with estimates proposed at the February 18, 2014 Quality of Life Committee meetings however with slight increases to the HOME, ESG and HOPWA programs.

The amount of grant funds available for the FY 2015 Action Plan includes the 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	13.2%
ESG	843,303	956,346	113,043	13.4%
HOPWA	1,138,748	1,212,178	73,430	6.4%
	<b>\$ 20,334,241</b>	<b>\$ 19,731,073</b>	<b>\$ (603,169)</b>	<b>-3.0%</b>

*\*Includes reprogramming actions during FY 2014*

#### *Use of Funds*

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 (CDBG)**

Under the CDBG Program, the City has a commitment to meet the annual Section 108 debt service obligations of \$4.8M. CDBG funds in the amount of \$1.2M previously allocated for delegate agency public service activities have been reprioritized to support Strategic Catalytic Reinvestments in the REnewSA Target Areas including \$1.0M for the EastPoint Initiative. Additional, 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 \$1.2M 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 as follows:

FY 2015 CDBG BUDGET				
Funding Category	%	Activity	Description	Budget
Debt Service	38%	HUD 108 Loan Repayment	Required annual Section 108 loan repayment	\$ 4,764,493
Neighborhood Revitalization	25%	REnewSA target area and ICR/IP area revitalization efforts	Strategic catalytic improvements, façade improvements, code enforcement, Spruce Up and Alamo Brush Up Programs	\$3,174,886
Public Infrastructure	10%	Capital improvements for low to moderate income residents.	Improves to the integrity of street and sidewalks, community parks, and quiet zones.	\$1,280,000
Housing	5%	City wide housing repair activities and rehabilitation program administration	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	4%	Summer Park Programs	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 and Planning	19%	City Personnel Services	Fair housing administration, legal services, and grant administration and program management	\$2,421,722
<b>Total FY 2015 CDBG Budget</b>				<b>\$12,705,226</b>

### Home Investment Partnership Program (HOME)

The FY 2015 HOME budget reinforces the place based concept with an allocation of approximately \$1.2M for the Wheatley Phase III Senior Housing Development located in the REnewSA Target Area. Additionally \$1.9M 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, \$373,588 funds are 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 as follows:

FY 2015 HOME BUDGET				
Funding Category	%	Activity	Description	Budget
Multifamily Housing	64%	Multifamily Rental Development Program	Rehabilitation and/or new construction of affordable rental housing including \$1.2M in Funding for the Wheatley Senior Housing Development in Phase III.	\$3,100,000
CHDO Activities	13%	Single Family Housing	CHDO Set-Aside single family affordable housing development	660,000
	4%	CHDO Operating Expenses	Capacity and operational Set Aside for CHDO development support	190,000
Homebuyer Assistance	9%	HIP Program	Down payment & closing costs assistance to low to moderate income homebuyers purchasing homes in the ICR/IP area.	426,925
Administration	10%	General Program Administration	Salaries and associated expenses related to general administration, contracting, compliance, loan servicing, and fiscal oversight.	480,398
<b>Total FY 2015 HOME Budget</b>				<b>\$4,857,323</b>

### 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 a increase of \$73,430 or 6.4%. A summary of the ESG and HOPWA budget is as follows:

FY 2015 ESG BUDGET				
Funding Category	%		Description	Budget
Homeless Prevention & Rapid Re-Housing	67%		RRHP funds may be used to provide housing relocation and stabilization services and short- or medium-term rental assistance to help the homeless move quickly into permanent housing or prevent a household from moving into an emergency shelter.	\$643,536
Emergency Shelter	28%		Emergency shelter funds used to provide essential services and operations in emergency shelters.	265,000
Administration	5%		Administration funds may be used for administrative costs related to the planning and execution of ESG activities.	47,810
<b>Total FY 2015 ESG Budget</b>				<b>\$956,346</b>

FY 2015 HOPWA BUDGET			
Funding Category	%	Description	Budget
Housing Assistance and Supportive Services	97%	Funds may be used to provide permanent housing placement, rental/utility assistance; physical and mental health assessments, drug and alcohol abuse treatment and counseling, and other related services.	\$1,175,813
Administration	3%	Administration funds may be used for administrative costs related to the planning and execution of HOPWA activities.	36,365
<b>Total FY 2015 HOPWA Budget</b>			<b>\$1,212,178</b>

*FY 2015 Action Plan Administration*

The Department of Planning and Community Development (DPCD) proposes several key improvements to ensure the administration and delivery functions are continually innovated to implement 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 with HUD funds. 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.

**Recommendation**

On April 15, 2014 the Quality of Life approved to forward to the full City Council for consideration, the 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.

The 2<sup>nd</sup> of two Public Hearings will take place on May 29, 2014 at 9am in City Council Chambers.