

**CITY OF SAN ANTONIO
HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

**PUBLIC HEARING
TIME CERTAIN
ITEM NO. 5
9:00 PM**

TO: Mayor and City Council

FROM: Andrew W. Cameron, Director, Housing and Community Development Dept.

SUBJECT: Proposed Fiscal Year 2005-2006 Consolidated Annual Plan Budget

DATE: May 19, 2005

SUMMARY AND RECOMMENDATIONS

This Public Hearing and Ordinance adopts the Fiscal Year 2005-2006 HUD Consolidated Annual Plan Budget which includes the following:

a. Community Development Block Grant	\$16,484,172.00
b. HOME Entitlement Grant	\$ 7,000,703.00
c. American Dream Downpayment Initiative	\$ 225,885.00
d. Emergency Shelter Grant	\$ 628,560.00
e. In-Kind Matching ESG Funds	\$ 628,560.00
f. Housing Opportunities for Persons with AIDS	\$ 960,000.00
g. CDBG Program Income	\$ 142,145.00
h. CDBG Reprogramming Funds	\$ 111,362.92
i. HOME Program Income	<u>\$ 237,855.00</u>
TOTAL	\$26,419,242.92

This Ordinance designates and appropriates the 31st Year CDBG Program Funds (Attachment I); 14th Year HOME Funds (Attachment II), FY 2005-2006 ADDI Funds (Attachment II), FY 2005-2006 ESG Funds (Attachment III) and FY 2005-2006 HOPWA Funds (Attachment IV); appropriates an additional \$628,560 in In-Kind Matching Funds in accordance with the FY 2005-2006 Proposed ESG Annual Plan Budget; appropriates \$142,145 in CDBG program income (Attachment II), appropriates \$237,855 in HOME program income (Attachment II); establishes accounts; delineates program responsibilities; authorizes personnel classifications and pay ranges (Attachment V); authorizes the renewal of an expired contract with San Antonio Alternative Housing Corporation, Inc. for the completion of the Euclid Street Development Project; establishes revolving loan accounts for Neighborhood Housing Services (NHS), San Antonio Alternative Housing Corp. (SAAHC) and the Neighborhood Action Department; authorizes the City Manager, The Deputy City Manager, the Assistant City Managers, the Assistants to the City Manager, the Director of Housing and Community Development and the Director of Community Initiatives to execute the required contracts (Attachment VI) and other related documents for these grants.

This Ordinance also authorizes the reallocation and re-appropriation of \$111,362.92 in CDBG funds (Attachment II); authorizing the Director of Housing and Community Development to close-out the affected projects and project budgets, revise the appropriate project budgets and execute the contracts and other documents as necessary in connection with this action.

Staff recommends approval.

BACKGROUND INFORMATION

Each year the City Council reviews and approves a HUD Consolidated Annual Action Plan/Budget. The HUD Consolidated Annual Action Plan/Budget includes the following Entitlement Programs:

a. Community Development Block Grant	\$16,484,172.00
b. HOME Entitlement Grant	\$ 7,000,703.00
c. American Dream Downpayment Initiative	\$ 225,885.00
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The proposed budget include projects that were approved for funding in FY 2004-2005 as part of the Human Development Services Process, a two-year funding process, for ESG, HOPWA, and the Public Service portion of the CDBG program. All projects approved as part of the Human Development Services Funding process review received reduced allocations consistent with the percentage of reduction to the Entitlement Program awards.

Prior to preparing the Fiscal Year 2005-2006 Consolidated Annual Action Plan/Budget, staff conducted 21 public meetings throughout the City. Two application conferences and five unscheduled community meetings were also conducted. Requests for funding received during the Consolidated Plan Budget process totaled more than \$123 million. The summary document of those requests was transmitted to the City Council on May 9, 2005. These citizen requests were considered prior to preparing the Proposed Fiscal Year 2005-2006 Consolidated Annual Plan Budget (Attachments I and II) being considered for adoption.

In an effort to improve the City's expenditure rate, the City Council previously agreed to staff's recommendation to approve only those projects that can be implemented within the fiscal year in which they are funded. Also, the federal statute prohibits spending more than 15% of the CDBG Entitlement funds for public service and no more than 20% for planning and administrative activities during the program year. The staff proposed budget is consistent with this policy.

The proposed budget includes two new housing initiatives; Vista Verde Apartments I, and II; and Habitat for Humanity's Palo Alto Subdivision Units I, II, III, and IV. Housing funds are targeted to continue programs underway with the Neighborhood Action Department, Neighborhood Housing Services of San Antonio, San Antonio Alternative Housing Corporation, U.U. Housing Assistance Corporation.

All Capital Projects in the proposed budget will proceed to contract award and the design/engineering will be complete within the fiscal year.

This action designates the City Manager, the Deputy City Manager, the Assistant City Managers, the Assistants to the City Manager, the Housing and Community Development Director, and the Department of Community Initiatives Director as official representatives of the City Manager for actions pertaining to the CDBG, HOME, ADDI, ESG and HOPWA programs.

POLICY ANALYSIS

As per the City Council approved process, all projects being recommended for FY 2005-2006 CDBG and HOME funds were scored by a four member team which included, one CDBG Analyst, one HOME Analyst, one Budget Analyst from the Department of Management and Budget, and a staff representative from the Enterprise Foundation. All applications were scored on a pass/fail basis. The four member teams worked independently to review the applications and the four scores were averaged to determine if the application met the scoring threshold of 70% (passing score). Applications that met the threshold, were reviewed to determine if:

- They are consistent with City Council Goals;
- They have the capacity to administer the program;
- Sufficient funds are available from other sources to complete project;
- The project can be implemented within a reasonable time period consistent with project scope.

Previously, the City Council approved a strategic funding process to ensure that projects are implemented quickly and program funds are expended in accordance with program guidelines. The approval policies include:

- Capital projects are funded in two phases, engineering first, and construction in the second year;
- Funds for Tax Credit Projects that do not receive Tax Credit awards are recaptured in December and reprogrammed.
- Approved projects that have not advanced to contract by December 30th are cancelled and funds are reprogrammed;
- Projects that are funded must begin within the Fiscal Year.

All applications that achieve a passing score (70 or above) are placed into a pool for funding consideration. The projects are then reviewed based on:

- City Goals and Priorities
- Geographic Distribution
- Merits of the Project

This was implemented as an attempt to maximize the potential for an equitable geographic distribution of projects while selecting quality projects to be funded with the limited grant resources.

Additionally, at the direction of the Economic and Human Development Committee, staff developed a consolidated funding process to address San Antonio's human development services strategic issues and meet the priorities established by City Council. On February 5, 2004, the City Council approved the following FY04 Human Development Services Funding priorities for FY2005 and FY2006 through Ordinance Number 98796:

- Priority Service Area (32.8%) Family Strengthening Goals: All children will enter school ready to succeed and parents will be prepared to serve as their child's first and most important teacher.
- Priority Service Area (25.6%) Youth Development Goals: Increase the overall developmental assets of youth. High school students will graduate on time and complete higher education.
- Priority Service Area (23.1%) Workforce Development Goal: San Antonio's workforce will acquire the education and skills that will prepare them for jobs in the community's targeted industries and earn them a livable income.
- Priority Service Area (18.5%) Community Safety Net Goal: Enhance and ensure continuation of the community safety net to promote the overall health of our most vulnerable residents, and address the issues of hunger and homelessness.

The City's Consolidated Human Development Services Funding process includes Federal, State, and local funds for human development and public services. The period for delegate agency contracts were approved for one year beginning October 1, 2004 with an option to renew for an additional one-year period, based on agency performance, funding availability, and City Council approval.

On May 20, 2004, the City Council's Economic and Human Development Committee reviewed the recommendations and approved presenting the recommendations to a City Council B Session, which was accomplished on June 10, 2004. Additionally, the Directors of Housing and Community Development and Department of Community Initiatives were directed to ensure that no agency receive more than 65% of its overall revenues from the City for FY2005 and no more than 50% in FY2006. During the first quarter of the FY2005 contract, agencies were allowed to secure revenues sufficient to ensure that City funds did not exceed the 65% level. Attachments III and IV are funding recommendations based on this criteria.

With regard to City Administration, the total administration budget was reduced by 6% from FY2004-05 (Consistent with the reduction in the Entitlement Award). In order to maintain the same level of service provided in FY2005. This budget proposes to fund each department in FY2006 at the same level as FY2005, that is with the exception of Housing and Community Development. The administrative shortfall is subtracted from the HCD budget in this FY2006 budget recommendation. However, during the April 21, 2005 Reprogramming, City Council authorized administrative funding from Reprogramming dollars that will not count towards our administration cap to fund the shortfall. As a result, all City administration budgets from FY2005 are maintained in the proposed FY06 funding recommendation.

FISCAL ANALYSIS

The Fiscal Year 2005-2006 Consolidated Annual Action Plan/Budget proposes funding support for various projects, utilizing the entitlement grants expected to be received from HUD as follows:

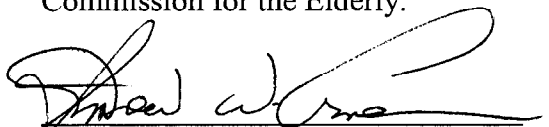
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The City Manager or any of his designated representatives are authorized to approve budget adjustments within project allocations to conform with actual expenditures if line item cost overruns occur or are anticipated. The City Manager or any of his designated representatives are also authorized to complete all documents required by HUD to officially close projects and program financial records following completion of the contracted scope-of-work.

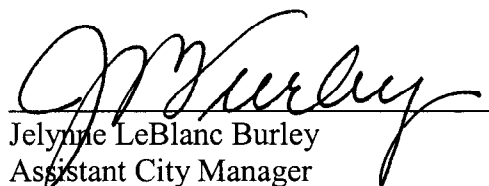
Fiscal Year 2005-2006 Consolidated Annual Action Plan/Budget funds will be available to the City on or about October 1, 2005, pending the completion of all administrative procedures required for official HUD Release Of Funds.

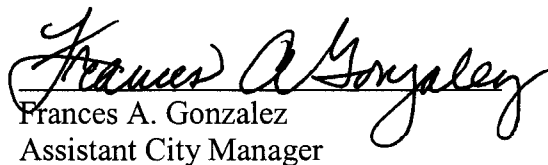
COORDINATION

Activities have been coordinated with the Department of Community Initiatives, City Attorney's Office, Office of Management and Budget/Risk Management, Finance, Public Works and all other City departments affected by this Ordinance, the Community Action Advisory Board, the Commission for Children and Families, the Literacy Commission and the Joint City/County Commission for the Elderly.



Andrew W. Cameron, Director
Housing and Community Development


Dennis J. Campa, Director
Department of Community Initiatives


Jelynn LeBlanc Burley
Assistant City Manager


Frances A. Gonzalez
Assistant City Manager

Approved:


J. Rolando Bono
Interim City Manager

Attachments