

**CITY OF SAN ANTONIO  
NEIGHBORHOOD ACTION DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Andrew Cameron, Director, Housing and Community Development  
David D. Garza, Director, Neighborhood Action

**SUBJECT:** CDBG/HOME Housing Policy Guide Amendments

**DATE:** May 26, 2005

**SUMMARY AND RECOMMENDATIONS**

This ordinance amends the existing City of San Antonio Housing Policy Guide to reflect changes in regarding repayment provisions in connection with Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funded housing programs administered by the Housing and Community Development Department.

Staff recommends approval of this ordinance.

**BACKGROUND**

The Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs are major sources of federal funding for the City's housing and revitalization initiatives. The housing programs funded with CDBG and HOME are subject to federal requirements and regulations which guide the participating jurisdictions in the implementation of said programs. The City has the authority to incorporate additional regulations and procedures to further the goals of affordable housing and provide assistance to households earning less than 80% of the Area Median Income, and in some cases up to 120% of the Area Median Income. For 2005, the Area Media Income for a family of four is \$51,500 (80% would equal \$41,200).

In 2002, the Housing and Community Development Department met with stakeholders to review the policies and procedures that had not been updated since 1989. In January 2003, the City Council approved the revisions to the Housing Policy Guide that maximize efficient use of CDBG and HOME funds. Many of the policy provisions stemmed from recommendations made through the Community Revitalization Action Group also known as CRAG.

In February 2004, City staff received direction from the City Council Urban Affairs Committee to review the Housing Policy Guide as it relates to the Repayment Provisions for the various housing programs implemented with CDBG and HOME funds. These provisions require a perpetual lien to be placed on the property should a client not have the ability to repay funds utilized for housing assistance. The Policy Guide currently states that programs will provide

low-interest loans or deferred payment loans to cover the costs for housing assistance; and that no forgivable loans will be granted.

For the last several months, City staff has been working with the Urban Affairs Committee regarding these provisions. The recommended policy change provides for 15-year deferred forgivable loans for owner-occupied housing rehabilitation programs administered through the City's Neighborhood Action Department, as well as those implemented by non-profit organizations. The terms of deferred forgivable loans for all other housing programs should be consistent with CDBG and HOME regulations with respect to affordability requirements and funds assisted. The proposed elimination of the perpetual lien requirement will be replaced with deferred forgivable loans for the various housing programs implemented with CDBG and HOME funds.

### **POLICY ANALYSIS**

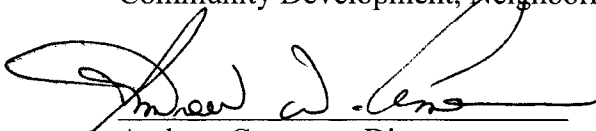
Based on the recommendations from the City Council Urban Affairs Committee, staff is requesting City Council consideration and approval of these amendments to the CDBG and HOME Policy Guide. Staff is also proposing that these changes become effective with any housing units assisted with FY 05-06 funding. This will provide ample notice for all implementing organizations/entities to amend program applications, legal documents, and general information for affected programs.


### **FISCAL IMPACT**


As a result of this policy change, the obligation to repay a debt to the city (or one of the city-sponsored agencies) for housing assistance will be forgiven after a fifteen year homestead requirement.

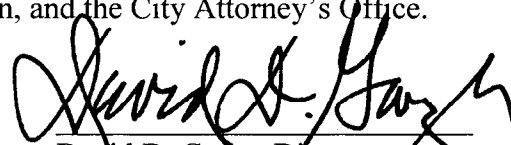
### **COORDINATION**

This item has been coordinated with the City Council Urban Affairs Committee, Housing and Community Development, Neighborhood Action, and the City Attorney's Office.

  
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