



INFORMAL STAFF REPORT

MEMORANDUM

To: Ron L. Olson, City Manager

Thru: Susan Thorpe, Assistant City Manager

From: Eddie Ortega, Housing and Community Development Director

Date: June 4, 2015

Subject: Proposed FY2015-2016 Consolidated Annual Action Plan (CAAP)

Issue/Problem

For the FY2015 CAAP, the Housing and Community Development (HCD) Department continues to utilize a process which evaluated and prioritized all Request for Proposals which were eligible for CDBG, ESG, and HOME funding.

Applications were evaluated on the following criteria:

- Alignment of the HCD 5 year Consolidated Action Plan
- Clarity and Completion of RFP
- Administrative and Financial Capacity/Priority
- Project Readiness
- Collaboration/Leverage
- Timely use of prior and current year funds

An evaluation of all applications was conducted by HCD staff utilizing the aforementioned criteria, which resulted with the ranking of each project. The projects were then prioritized for available funding based on the ranking number assigned to the project. This process was developed primarily to provide methodology to the recommendation process which was necessitated in order to make available funding fair and equitable. Additionally, it will allow agencies to complete proposed projects and will enable internal departments that manage HUD Grants to maintain operational requirements to adhere to regulatory mandates with the limited funding that is available due to reductions in available funding by HUD.

Background & Findings

The City of Corpus Christi has received official notification from the U.S. Department of Housing and Urban Development (HUD) of the FY2015-2016 funding allocation for the following programs.

\$2,460,214 Community Development Block Grant (CDBG)

\$ 228,138 Emergency Solutions Grant (ESG)

\$ 837,740 HOME Investment Partnerships Program (HOME)

It is important to note that for FY2015-2016, CDBG will experience a 3.8% reduction, ESG will experience a 2.9% increase, and HOME will experienced a 14% reduction from prior year funding, based on the entitlement funding which will be received from HUD.

An additional \$1,085,000 generated from the Revolving Rehabilitation Loan Program will be made available to the Affordable Housing Programs which are administered by the Housing and Community Development Department. Additionally, \$40,000 generated from Program Income for the Demolition Liens Program (\$25,000) and Property Clearance Program (\$15,000) will be made available to the CDBG Program for continued funding of these programs. Additional funding in the amount of \$496,930 which was recaptured from previously funded projects that were unspent, have been made available to be reprogrammed to augment funding levels for the upcoming FY2015-2016 CDBG program allocations for a total funding level of \$4,082,144.

Since 1975, the City of Corpus Christi has received funding for its CDBG Programs in excess of 173.7 million, of which approximately 19.9 million has been income generated by various programs administered by the Housing and Community Development Department.

The ESG Program will have an allocation amount of \$228,138 for FY2015-2016. The intent of the ESG Program is to provide funding to providers of Homeless services to defray the cost of operations and maintenance of local Emergency Shelters in addition to provide funding for rehabilitation, counseling, training and other essential Homeless Prevention and Rapid Re-housing activities. Commencing in 1987, the City of Corpus Christi has received in excess of \$3.9 million in funding for ESG services.

The HOME Program will have an allocation amount of \$837,740 as a funding level from entitlement funds to be received, with an additional \$100,000 being made available for reprogramming from previously funded recaptured program funds for a preliminary estimated funding amount of \$937,740 for the FY2015-2016 Budget Year. The HOME Program was initiated in 1992 with the mandate to increase and improve affordable housing opportunities; HOME funds totaling \$35.9 million have been utilize to fund Rental and Home Ownership programs in addition to the rehabilitation and reconstruction of affordable housing within the City of Corpus Christi. Of the \$35.9 million in HOME funding, approximately \$4.3 million of

those funds have been made available from previous loans as generated program income; these funds have been utilized to augment available funding.

The FY2015 CAAP represents the third annual action plan of the developed five-year (FY2013-FY2017) Consolidated Plan and is the application for HUD for funding for the CDBG, ESG, and HOME Programs.

The FY2015 CAAP describes the activities and projects to be assisted with funds received under CDBG, ESG, HOME, and other HUD/Non-HUD programs that help to meet housing and community developed objectives.

On December 16, 2014, the City Council adopted a timetable that provides for public hearings during Technical Assistance Workshops which were held on February 4, and February 12, 2015 to be followed by the City Council public hearing on June 16, 2015. Citizens' public comment period begins on June 22, 2015 and ends July 24, 2015, for the FY2015 CAAP. Subsequently, adoption of the CAAP is scheduled for June 23, 2015, allowing timely submission of the program to HUD. The proposed FY2015 CAAP has been developed according to HUD regulations.

Staff will be making a brief presentation to the City Council at the opening of the Public Hearing so that staff may outline the FY2015-2016 CAAP's eligibility criteria for the programs and staff's recommendations. Housing and Community Development held four Technical Assistance Workshops on January 7, 2015 and February 4, 12, and 18, 2015, and two Technical Assistance Workshops which included a Public Hearing on February 4 and 12, 2015. Also held were two Neighborhood Meetings, in conjunction with Technical Assistance Workshops, on February 12 and 18, 2015 at Corpus Christi City Hall. The public hearing date with City Council was also disclosed at this time.

Conclusion

In order to best manage the funds allocated to the City of Corpus Christi, it was also determined that funds would be "set-aside" for the Community Development Block Grant (CDBG) and the HOME Investment Partnerships Program (HOME) and earmarked for the City's operational component of those funds requested. These "set-aside" funds were determined to be essential funded categories for those specific requested activities and furthermore comply with City Council Policy No. 9. For the purpose of effectively operating those specified staff recommended activities, it was deemed pertinent to not remove or reduce the recommended funding for those inter-department CDBG and HOME activities.

In the case of CDBG Non-Profit proposed projects, the funding recommendations are open to reduction or deletion; however staff was also involved in the evaluation, ranking, and prioritization of all proposed projects. The City Council does have the authority to agree with Staff Recommendation or make changes to those recommendations accordingly. HOME non-profit projects will be determined no later than October 1, 2015 upon the decision by the Texas Department of Housing and Community Affairs and their award of for Low Income Housing Tax Credits.

Upon the completion of the FY2015 CAAP process, City Council must adopt the FY2015-2016 CAAP and the funding amounts.