

MEMORANDUM



TO: Jared Miller, City Manager
FROM: Janis Hendrix, Community Initiatives Administrator
DATE: June 4, 2015
RE: Disaster Recovery – CDBG

CDBG funds can be used to help San Marcos recover from the flood disaster, but as with all federal funding, there are a number of regulatory requirements that will apply. The following information will provide clarification on those requirements.

HUD has provided guidance urging the City to utilize FEMA funds wherever possible in our disaster recovery and not to fund projects that will be paid by FEMA. They recommend using CDBG for long-term recovery needs. Because we are in a Presidential Declared Disaster area we are eligible to request waivers of certain regulations if there is a justifiable reason.

Use Category	Funds Available	Points to Consider
Urgent Need National Objective	N/A	<ul style="list-style-type: none">Does not reduce time required to complete processesAllows projects to be located in areas that are not low/mod or to assist persons who are not low/modFunds used under Urgent Need do not count toward the requirement that 70% of funds spent benefit low/mod persons (LMI). For 2014 (current) program year, \$118,358 is the most that can be used that does not benefit low/mod persons.Must document to HUD's satisfaction that the City has no other source of funds to pay for the project/program.
Using "Benefitting Low/Mod Persons" National Objective	N/A	<ul style="list-style-type: none">All areas in San Marcos receiving flood damage are considered Low/ModMany of the individuals affected would fit Low/Mod income levelProjects funded under this National Objective count toward the 70% low/mod requirement described in the section above.
Creating a New Program	N/A	<ul style="list-style-type: none">Substantial Amendment process required which consists of:<ul style="list-style-type: none">30-Day public comment period1 Council public hearingProject must be specific and clearly definedAfter process is complete, HUD must approveHUD will consider a waiver of the 30-day period, perhaps shortened to a 7-day period, if there is a justifiable reason.
Direct Assistance – such as paying rent, deposits, etc.	\$2,073	<ul style="list-style-type: none">Direct assistance of this nature is considered a "Public Service" and is subject to the 15% cap.The balance shown to the left is the amount not currently obligated to Public ServicesProgram must be a new service or we must document that there is a quantifiable increase in level of serviceEmergency assistance must be limited to 3 months or less
Existing Program:	\$35,500	<ul style="list-style-type: none">Currently set up to demolish <u>vacant</u> structures and clear debris from

Demolition/Clearance of Substandard Structures		<p>property – must be unoccupied for at least 90 days to be considered “vacant”.</p> <ul style="list-style-type: none"> • Set up under Spot Slum/Blight – does not require that the property owner be low/mod, but amount spent under slum/blight not counted toward 70% LMI requirement. • Up to \$49,190 could be added without triggering a substantial amendment. • Program scope could be expanded without triggering a substantial amendment. • Demolition of occupied (prior to the flood) housing units may trigger compliance with Uniform Relocation Act and/or One-on-One replacement requirements (may be eligible to be waived).
Eligible Activity (EA) Infrastructure Repair	N/A	<ul style="list-style-type: none"> • Area to be served by infrastructure must be at least 51% Low-mod • Area to be served must be primarily residential • Program must be of a size/scope that it could be completed within 12 months to ensure the city does not have a timeliness issue next year.
EA – Debris Removal from ROW/River Bed	N/A	<ul style="list-style-type: none"> • Clearance Activity – would not have to document low/mod • If done under “Clearance” or Urgent Need would not count toward 70% L/M requirement • Program must be of a size/scope that it could be completed within 12 months to ensure the city does not have a timeliness issue next year. • In 2001 City used CDBG (\$64K) as part of match for joint City/County grant from NRCS for Blanco River cleanup
EA – Housing Rehab	N/A	<ul style="list-style-type: none"> • A rehab program for flood damaged homes will be staff-time intensive and will require additional resources (such as a consultant) to oversee; • Council will need to determine how they want to structure this program: <ul style="list-style-type: none"> ○ Could be a narrow scope, such as paying for replacement of stove, refrigerator, A/C Compressor, hot water heater – washer, dryer, window A/C units are specifically excluded from eligibility ○ Could be limited to very low income level homeowners – such as 30% AMI or to senior citizens or to persons with a disability ○ Could be limited to a specific geographic area ○ Could set a maximum amount of assistance per homeowner ○ Is funding a grant or forgivable loan ○ First-come, first served or lottery to select participants • Homeowner applicants would have to: <ul style="list-style-type: none"> ○ Provide evidence of work not covered under insurance or being reimbursed by FEMA ○ Document income (unless done as urgent need) and any other specific eligibility requirements ○ Provide evidence that they have not previously received Federal flood disaster assistance conditioned on maintaining flood insurance and then failed to maintain flood insurance ○ Agree to have a deed restriction added to the property requiring flood insurance be maintained for the life of the structure if grant or during term of loan ○ Provide proof of legal residency/citizenship • Funds cannot be used to pay labor costs for a homeowner doing their

		own repairs.
EA – Acquisition of Real Property	N/A	<ul style="list-style-type: none"> Acquisition of real property may be eligible – depending on the end-use of the property – for example, creating a public park or public natural area provided the area served in Low/Mod. (Continued next Page) If the land was occupied prior to the flood, Uniform Relocation Act relocation assistance and/or one-to-one replacement rules could be applicable (may be able to waive)
Reallocating existing funds to a new project/program (Primarily from Veteran Park funds)	\$247,111 –	<p>Veteran’s Park with Skate Feature status:</p> <ul style="list-style-type: none"> Environmental review 95% complete Procurement of landscape architect underway – negotiating cost is next step <p>Staff Recommendation if Veteran’s Park funds are reallocated:</p> <ul style="list-style-type: none"> Leave \$35,000 in fund for design & publication costs Amend 2015 Allocation of Funds to replace Dunbar Park Improvements with Veteran’s Park Improvements Consider 2016 allocation for Dunbar Park improvements <p>Contractor procurement for Veteran’s Park can begin in October – very little delay, if any</p>