



Legislation Text

File #: ID#23-262, **Version:** 1

AGENDA CAPTION:

Receive an update on the Community Development Block Grant (CDBG) Annual Entitlement Funding.

Meeting date: May 2, 2023

Department: Planning and Development Services

Amount & Source of Funding

Funds Required: Click or tap here to enter text.

Account Number: Click or tap here to enter text.

Funds Available: Click or tap here to enter text.

Account Name: Click or tap here to enter text.

Fiscal Note:

Prior Council Action: Click or tap here to enter text.

City Council Strategic Initiative: [Please select from the dropdown menu below]

Workforce Housing

Choose an item.

Choose an item.

Comprehensive Plan Element (s): [Please select the Plan element(s) and Goal # from dropdown menu below]

☐ Economic Development - Choose an item.

☐ Environment & Resource Protection - Choose an item.

☐ Land Use - Choose an item.

☒ Neighborhoods & Housing - Well maintained, stable neighborhoods protected from encroachment of incompatible land uses

☐ Parks, Public Spaces & Facilities - Choose an item.

☐ Transportation - Choose an item.

☐ Core Services

☐ Not Applicable

Master Plan: *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

Background Information:

The City receives approximately \$700,000 annually from the US Department of Housing and Urban Development (HUD) in Community Development Block Grant (CDBG) Entitlement Funding. In addition, the City received \$993,086 in CDBG Coronavirus Relief funding in 2019 and 2020. This purpose of this presentation is to provide an update on the allocation and expenditure of this funding.

After a brief overview of the overall requirements for the funding, staff will provide an update on the projects and programs funded over the past four years. Major points of the presentation are summarized below:

CDBG Coronavirus Funding: 81% has been expended. \$188,443 remains, which is allocated to a rent and utility assistance program opening in May, 2023. Of the 81%, approximately \$33,000 was spent on Administration, \$55,600 on CASA advocacy for abused children, \$150,000 supporting small businesses, and \$567,825 on rent and utility assistance.

2018 Land Acquisition: The City has \$164,900 allocated to land acquisition in 2018 CDBG funds. This program was restarted in April, 2023, and staff are actively searching for parcels to purchase that will support construction of homes for people with low to moderate incomes in the future.

CDBG Funding for FY 2020, 2021, 2022, and 2023:

Administration: Approximately \$145,000 is spent annually for CDBG administration. Community Initiatives staff track their time by the half hour on time sheets to ensure it is allocated to the correct funding source.

CASA and Hays-Caldwell Womens Center: Over the past 4 years funding has been allocated to the CASA program for abused children, and in the past two years funding has been allocated to Hays-Caldwell Women's Center. This makes up the \$296,000 budgeted for these programs. Those organizations are in process of spending this year's allocation, and they always make full use of the funding provided.

Centro Cultural Hispano de San Marcos: \$268,000 has been allocated for replacement of the HVAC system

and roof. This project has experienced some delays but should be completed this year.

Paul Pena Park: \$200,500 has been allocated for playground equipment, shade structure, walking paths, and a skate spot that should be completed this year.

Homebuyer Assistance: This program provides up to \$12,000 in down payment and closing costs to home buyers with low to moderate income. Approximately \$27,000 remains of the \$255,000 allocated over the years, and this funding will be expended this year.

Housing Demolition: Although \$125,000 has been allocated, only \$6,100 has been spent for the demolition of one house. Home demolition in San Marcos requires the owner's permission, and often the houses in need of demolition do not have clear title. Corridor Title in San Marcos has volunteered to help with title research and connecting City staff and homeowners with volunteers who can help the owners clear the title to the properties in need of demolition.

Homeownership Counseling: Just under half of the \$75,000 allocated to this program has been spent. This program suffered low attendance during the pandemic when it was solely online, but now that it is being offered in person, interest is picking up.

Housing Rehabilitation: The attached presentation provides some detail on the housing rehabilitation program. Of the \$1.1 million allocated to the program in the last four years, \$272,000 is for rehabilitation of rental properties owned by people with low to moderate incomes and \$860,000 is for owner occupied housing. An additional \$867,000 has been allocated for owner occupied housing rehabilitation through the American Rescue Plan Act (ARPA). Although the City has completely revised the policies and procedures, and has procured contractors to do the work, all funding remains on hold because the scopes of work and cost estimates must be conducted by an independent estimator in order to fulfill the requirements of financial regulations of 2 CFR 200. It is expected that an estimating company will be procured in May, 2023, and the housing program can be restarted in May or June.

Upcoming City Council Considerations: At the May 16 City Council meeting, staff will be proposing the following for the Housing Rehabilitation Program:

- 1) Reallocate all Southside CDBG Housing Rehabilitation funding to the City. Southside no longer has the in-house expertise to administer a housing rehabilitation program, and the Board has decided to focus

on other activities.

- 2) Combine “Emergency Repair” funding into the Housing Rehabilitation program to create one program for all types of housing repair, from small emergency repairs (like roof or plumbing leaks) to substantial rehabilitation of a variety of issues at once.
- 3) Set a lien term for the Housing Rehabilitation program. In the brief time the program was open in 2022, it was discovered that most house repairs will be \$35,000-50,000 instead of the smaller \$15,000-\$20,000 repairs that had been done in the past. Staff will recommend placing a five-year lien on the property with a deferred payment, forgivable note.

Council Committee, Board/Commission Action:

Click or tap here to enter text.

Alternatives:

Click or tap here to enter text.

Recommendation:

Click or tap here to enter text.