



STAFF REPORT

DATE: August 1, 2017

TO: Ronald L. Olson, City Manager

FROM: Leslie Hinkle, Executive Director of Community Development

SUBJECT: Public Hearing and Approval of Annual Action Plan FY2017-18

BACKGROUND AND FINDINGS:

The City of Killeen will receive funding from the U.S. Department of Housing and Urban Development (HUD) for FY2017-2018. The Consolidated Appropriations Bill 2017 was signed into law May 5, 2017, by President Trump, directing HUD to announce formula grant allocation amounts within 60 days of enactment. As of May 22, 2017, HUD was waiting to receive an appropriation amount from the Office of Management and Budget (OMB) to begin computations for FY2017 formula allocation amounts; this affects Killeen's Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) program funds. Due to the delay of the FY2017 annual appropriations act, there is insufficient time to complete the required minimum 30-day citizen participation, publication, and comment process before the Annual Action Plan submission deadline of August 16, 2017. On May 10, 2017, HUD issued a waiver providing grantees with significant relief from the required public comment period provisions by reducing the minimum public comment period to 14 calendar days for the FY2017 allocations. The City has chosen to utilize this waiver to ensure that citizens have opportunity for meaningful participation and comment on Killeen's FY2017-18 CDBG and HOME activities.

Two community planning meetings were held February 9 and 22, 2017, resulting in identification and prioritization of housing and community needs. Applications requesting funding to address those community priorities were received with presentations made to the Community Development Advisory Committee (CDAC) on May 3, 2017. Staff and CDAC used the FY2016 HUD allocations for CDBG and HOME as a benchmark from which to formulate recommendations to Council for activities in FY2017-18. Therefore, funding recommendations are based upon the reprogrammable funds from prior year's program income along with the benchmark FY2016 HUD funds for the CDBG and HOME program. CDAC further indicated their recommendation be adjusted by a pro rata share for each entity receiving an allocation recommendation under each particular funding program category, with final recommendations calculated upon notice of the FY2017 CDBG and HOME grantee allocations from HUD. HUD then notified the city on June 15, 2017, of the FY2017 annual allocation for both CDBG and HOME programs.

CDBG funding is the allocation amount of \$868,553.00 with additional funds available in the amount of \$10,829.10 in funds from prior year FY2015-16 program income and \$10,357.00 in funds from prior year FY2016-17 program income, providing a total of \$889,739.10 available for FY2017-18 CDBG programs and activities; Home Investment Partnerships Act (HOME) Program funding in the allocation amount of \$297,536.00 with additional funds available in the amount of \$2,396.00 of recaptured funds from the First Time Homebuyer Assistance Program,

\$39,018.48 in funds from prior year FY2015-16 program income, \$42,706.58 in funds from prior year FY2016-17 program income, providing a total of \$381,657.06 available for FY2017-18 HOME Program activities.

Adjustments in accordance with the CDAC allocation recommendation for pro rata share based upon the actual HUD funding are as follows:

		HUD FY2017 CDBG \$868,553.00		
Community Development Block Grant (CDBG)		Original Amount Requested	CDAC Recomnd	Changes with HUD Funding
Public Service Programs (maximum 15% of annual amount)	Hill Country Community Action Association - salary assistance	\$10,247.00	\$10,000.00	\$9,566.29
	Heritage House of Central Texas - salary assistance	\$8,000.00	\$5,000.00	\$4,783.14
	Communities In Schools - salary assistance	\$21,000.00	\$21,000.00	\$20,089.21
	Families In Crisis - salary assistance	\$27,132.89	\$17,000.00	\$16,262.69
	Bring Everyone In the Zone - salary assistance	\$15,600.00	\$13,189.65	\$12,617.60
	Greater Killeen Free Clinic - salary assistance	\$30,000.00	\$30,000.00	\$28,698.87
	Killeen Community Development - elderly transportation assistance	\$40,000.00	\$40,000.00	\$38,265.15
Housing and Public Improvements (65% of all funds available)	Killeen PW- Transportation-Street Services - Stewart Project Phase 4 (sidewalk reconstruction)	\$251,354.00	\$314,327.52	\$301,167.22
	Killeen Community Development - Housing Rehab Program	\$234,070.21	\$297,013.73	\$284,578.33
CDBG Admin (maximum 20% of annual amount)		\$181,586.20	\$181,586.20	\$173,710.60
Total FY2017-18 CDBG				\$ 889,739.10

		HUD FY2017 \$ 297,536.00		
Home Investment Partnerships (HOME) Program		Original Requested	CDAC Recomnd	HUD Fund Changes
	CHDO Setaside (minimum 15% of annual amount)	\$ 46,693.35	\$ 46,693.35	\$ 44,630.40
	Killeen Community Development - First Time Homebuyer Assistance Program	\$ 165,000.00	\$ 313,317.81	\$ 303,003.06
	HOME Admin (10% of annual amount plus maximum 10% of FY16-17 program income = \$4,270)	\$ 35,398.90	\$ 35,398.90	\$ 34,023.60
Total FY2017-18 HOME				\$ 381,657.06

Further description of activities and programs funded are in the attached FY2017 allocation tables.

THE ALTERNATIVES CONSIDERED:

Which alternative is recommended? Why?

No alternatives were considered as this funding, plan submissions, and due dates are prescribed by federal regulation.

CONFORMITY TO CITY POLICY:

N/A

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

None. The fiscal impact and expenditures associated will be for the FY2017-2018 CDBG and HOME programs. Future funding is based on allocations from the Federal budget through the Department of Housing and Urban Development (HUD). HUD regulations allow 20% of CDBG and 10% of HOME funds to be expended on administration/planning of CDBG and HOME activities with all eligible costs reimbursed to the City by the U.S. Department of Housing and Urban Development.

Is this a one-time or recurring expenditure?

These expenditures will occur throughout the 2017-18 fiscal year on approved programs and activities.

Is this expenditure budgeted?

The expenditures for CDBG and HOME program activities are budgeted for FY2017-18 under the Special Revenue Funds budget.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes.

RECOMMENDATION:

Following the second public hearing, August 8, 2017, Staff recommends approval of the proposed 2017-2018 Annual Action Plan to a final plan with revisions as appropriate based on citizen comments received during the 14-day comment period ending August 8, 2017.

DEPARTMENTAL CLEARANCES:

Finance
City Attorney

ATTACHED SUPPORTING DOCUMENTS:

CDAC Meeting Minutes
FY2017 Allocation Tables
Ordinance