



STAFF REPORT

DATE: June 18, 2019

TO: Ronald L. Olson, City Manager

FROM: Leslie Hinkle, Executive Director of Community Development

SUBJECT: FY2019-2020 Community Development Block Grant (CDBG) and Home Investments Partnerships (HOME) Program and proposed substantial amendment to the 2018-19 Annual Action Plan

BACKGROUND AND FINDINGS:

The City of Killeen will receive \$944,218.00 from the U.S. Department of Housing and Urban Development (HUD) for FY 2019-2020 CDBG program activities. In addition, \$13,350.08 in funds from completed CDBG projects and prior and current year program income is available for use, providing a total of \$957,568.08 for FY 2019-2020 CDBG activities. The City will also receive \$410,861.00 from HUD for FY 2019-2020 Home Investment Partnerships (HOME) Program activities. \$49,821.73 in anticipated program income to the HOME program is available for use, providing a total of \$460,682.73 for FY 2019-2020 HOME activities.

Two community planning meetings were held February 6 and 21, 2019, resulting in identification and prioritization of housing and community needs. Annual CDBG and HOME program applications for funding were made available to the public on February 25, 2019, through the City's website on the Community Development page. Technical workshops were conducted on February 27, March 1, 6, 13, and 18, 2019. The workshops provided interested parties with information on eligible activities and how to complete and submit an application for either the CDBG or HOME program. Funding applications were submitted by the deadline date of March 29, 2019, and were presented to CDAC on May 1 and 2, 2019. The Community Development Advisory Committee (CDAC) meeting minutes with recommendations for funding the applications proposed to address identified community priorities are attached.

CDAC also considered a proposal from staff regarding a substantial program amendment to the FY2018-2019 Annual Action Plan to amend the use of CDBG funds for the Bob Gilmore Senior Center by amending the use from rehabilitation of the existing structure to construction of a new facility on the same property; and, amending the use of HOME funds from the First Time Homebuyer Assistance Program with Repairs to the First Time Homebuyer Assistance Program (purchase assistance only). As required by the City of Killeen Community Development Department Citizen Participation Plan, the City is required to amend an Annual Action Plan whenever it adds or deletes projects or substantially changes the purpose, scope, location or beneficiaries of an activity. The Bob Gilmore Senior Center activity was initially approved for rehabilitation of the existing building; however, a structural report concluded the building is not structurally feasible for rehabilitation; therefore, the use of the CDBG funds are substantially changed from the original approved use. The First Time Homebuyer Assistance Program with Repairs (rehab) was initially approved to include purchase assistance in the form of down payment and closing costs necessary to purchase and repairs (rehabilitation) necessary for the

assisted unit to meet HUD standards associated with a structurally sound, safe and decent unit. In accordance with regulatory requirements, the action must be divided into two separate activities going forward; therefore, the use scope of the HOME funded project is substantially changed from the originally approved use.

THE ALTERNATIVES CONSIDERED:

No alternatives were considered.

Which alternative is recommended? Why?

No alternative was considered as this funding, plan submissions and due dates are prescribed by federal regulation for continued receipt of the federal funding.

CONFORMITY TO CITY POLICY:

The action conforms to City policy through following adopted procedures with regard to development of annual action plans, project proposals and application process, technical assistance, and Community Development Advisory Committee review and recommendation of applications and proposals to address identified community needs for the Community Development federal grant programs.

FINANCIAL IMPACT:

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

The amount of expenditure in the current fiscal year is anticipated at \$783,695.05 from FY2018-19 CDBG funds for the Bob Gilmore Senior Center, \$100,000 from FY2018-19 HOME funds for the First Time Homebuyer Assistance Program (purchase assistance only), and FY2019-2020 CDBG funds in the amount of \$957,568.08 of and \$460,682.73 for the HOME program. Total combined expenditure of \$1,741,263.13 CDBG and \$560,682.73 HOME program funds for FY2019-2020. Future funding will not be affected.

Is this a one-time or recurring expenditure?

One-time expenditure. This expenditure will occur during the FY2019-2020 fiscal year.

Is this expenditure budgeted?

Expenditure of FY 2019-2020 CDBG and HOME program funds will be budgeted 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 on July 23, 2019, staff recommends approval of the attached ordinance adopting the 2019-2020 Community Development Annual Action Plan and Substantial Amendment to the FY2018-19 Annual Action Plan as indicated.

DEPARTMENTAL CLEARANCES:

Finance
City Attorney

ATTACHED SUPPORTING DOCUMENTS:

CDAC Minutes
Ordinance