



## STAFF REPORT

**DATE:** June 15, 2021

**TO:** Kent Cagle, City Manager

**FROM:** Leslie Hinkle, Executive Director Community Development

**SUBJECT:** PY 2021-22/Fiscal Year 2022 Community Development Block Grant (CDBG) and Home Investments Partnerships (HOME) Program Annual Action Plan

### **BACKGROUND AND FINDINGS**

The City of Killeen will receive \$1,114,792.00 from the U.S. Department of Housing and Urban Development (HUD) for PY (Program Year) 2021-2022 CDBG program activities. An additional \$15,564.83 in funds will be reprogrammed from cancelled or completed CDBG projects. This reprogramming will provide a total of \$1,130,386.53 available for PY 2021-22 CDBG activities. The City will also receive \$491,222.00 from HUD for PY 2021-2022 Home Investment Partnerships (HOME) Program activities. \$122,728.24 in reprogrammable funds and \$49,821.73 in PY2021-22 program income are also available for use providing a total of \$663,771.97 for PY 2021-22 HOME activities.

PY 2021-22 Pre-Applications were made available to interested organizations beginning Feb. 22, 2021, with Annual Funding Applications distributed to eligible entities for both the CDBG and HOME programs. Attendance was required at Pre-Application and Annual Funding Application workshops via Zoom and pre-recorded sessions. The initial deadline of April 2, 2021 was extended to April 16, 2021 at midnight; a total of 13 Annual Funding Applications were submitted by the revised deadline date.

Projects undertaken with CDBG and HOME Program funds must address goals and objectives established in the 5-year Consolidated Strategic Plan (PY 20-24) and Annual Action Plan (PY 2021-2022) to meet affordable housing and community development needs. Applications considered and recommended for funding are to align with identified priority community needs, affordable housing needs, goals and objectives for specific priority categories and, as applicable, be amended to meet changing community development and housing needs. To ensure priority community development and affordable housing needs are addressed, the Community Development Advisory Committee (CDAC) used scoring criteria developed from the CDBG & HOME Grant Programs Governance & Allocation Policy which places major emphasis on project significance, project feasibility, ability to comply with applicable HUD rules (statutory and regulatory) and, in light of the limited amount of CDBG and HOME funds available to the City of Killeen, leveraging of funds from other federal, state, and private resources to be directed to the most pressing community development and affordable housing needs. Detailed scoring criteria components reviewed are as follows:

1. The proposed project/activity meets identified Consolidated Plan Priority & Community Need.

2. The proposed project/activity readiness - demonstrates the ability for timely completion and expenditure of CDBG/HOME funds.
3. The proposed project/activity results - stated results identified in the application are feasible and expected to be achieved.
4. The proposed project/activity objectives address: high priority need, specific priority population, low-income area, or local target area.
5. The applicant has relative experience - documented experience, management, and capacity associated with proposed project/activity.
6. The proposed project/activity beneficiaries - number of beneficiaries is new, not previously assisted, or increased by 5% if previously assisted (funded by CDBG/HOME) in the last year.
7. The proposed project/activity leverages additional resources - sufficient additional resources leveraged to combine with City's funding from HUD so CDBG/HOME does not endure the absolute expense of program.
8. The proposed project/activity sustainability - demonstrates adequate fiscal support and viability of the proposed project/activity.
9. The proposed project/activity budget - adequate detail project budget with accurate costs and committed resource funding for project completion.
10. The proposed project/activity plan approach - applicant presented a relevant business plan approach to the project, no unresolved matters or concerns with past performance.

The CDAC met on May 19 and 20, 2021 to review and make recommendations for proposed use of PY 2021-22/FY2022 CDBG and HOME Program funds with the results detailed in the attached CDAC meeting minutes.

For the program year 2021-2022 / Fiscal Year 2022, HUD regulation allows for 20% of CDBG and 10% of HOME funds to be expended on administration/planning of CDBG and HOME activities. Additionally, consideration by CDAC was made for regulatory requirements of annual on-going costs for programs administration, operations, and delivery in the category of Code Enforcement, as well as CDBG Housing Rehabilitation. All project costs under the CDBG and HOME Program will be reimbursed to the City by the U.S. Department of Housing and Urban Development.

### **THE ALTERNATIVES CONSIDERED:**

1. Hold the first public hearing on June 22, 2021, and adopt the PY21-22 Annual Action Plan after the required 30-day comment period and final public hearing on July 27, 2021.
2. Not hold the public hearing on the recommended date and determine a future date.
3. Do not accept the CDBG & HOME grant funds and return funding to HUD.

### **Which alternative is recommended? Why?**

Recommend holding the first public hearing on June 22, 2021 and soliciting citizen participation and comments during the 30-day comment period for the proposed 2021-2022 Annual Action Plan. Recommend approval of the final Plan, with revisions as appropriate based on citizen comments received during the previously held 30-day comment period and during the second public hearing on July 27, 2021, so that CDBG and HOME funds can be used for eligible projects in Killeen.

## **CONFORMITY TO CITY POLICY**

Yes, as described in the Citizen Participation Plan, approved by city council.

## **FINANCIAL IMPACT:**

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

\$0 in the current fiscal year and \$1,130,386.53 in CDBG and \$663,771.97 in HOME grant funds in fiscal year 2022.

**Is this a one-time or recurring expenditure?**

One-time expenditure from federal grant funding

**Is this expenditure budgeted?**

Yes

**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 first public hearing on June 22, 2021, recommend soliciting citizen participation and comments during the 30-day comment period on the proposed 2021-2022 Annual Action Plan. Recommend approval of the final Plan with revisions as appropriate based on citizen comments received during the 30-day comment period and during the second public hearing on July 27, 2021.

## **ATTACHMENTS:**

Recommendations  
Ordinance  
Minutes