

# Memorandum



CITY OF DALLAS

DATE April 10, 2009

TO Honorable Mayor and Members of the City Council

SUBJECT Proposed FY 2009-10 Consolidated Plan Budget and Update on Federal Economic Stimulus, CDBG Funding

Your April 15, 2009 agenda includes an item to discuss the Proposed FY 2009-10 Consolidated Plan Budget and an update on the Federal Economic Stimulus, CDBG Funding. The briefing includes the City Manager's proposed budget and amendments recommended by the Community Development Commission (CDC). Council will have the opportunity to discuss potential amendments to the Consolidated Plan budget during the May 20<sup>th</sup> briefing meeting.

Also included in this briefing are recommendations made by the CDC to the City Manager's proposed Action Plan for Community Development Block Grant funds received from the Federal Economic Stimulus (American Recovery and Reinvestment Act of 2009).

Please contact me at (214) 670-7804 if you have any questions.

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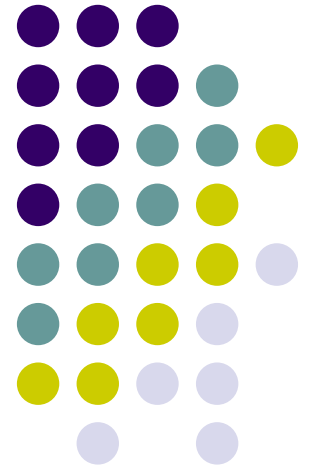
David Cook  
Chief Financial Officer

## Attachments

C: Mary K. Suhm, City Manager  
Ryan S. Evans, First Assistant City Manager  
A. C. Gonzalez, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Ramon F. Miguez, P.E., Assistant City Manager  
Forest E. Turner, Interim Assistant City Manager  
Deborah Watkins, City Secretary  
Tom Perkins, City Attorney  
Craig Kinton, City Auditor  
Judge Victor Lander, Judiciary  
Jeanne Chipperfield, Director, Budget and Management Services

# Proposed FY 2009-10 Consolidated Plan Budget and Update on Federal Stimulus, CDBG Funding

City Council Briefing  
April 15, 2009



# Purpose of Briefing



- Present City Manager's Proposed FY 2009-10 Consolidated Plan Budget
- Present recommendations proposed by the Community Development Commission (CDC)
- Present CDC recommendations to City Manager's proposed Action Plan for Community Development Block Grant funds received from Federal Economic Stimulus (American Recovery and Reinvestment Act of 2009) package
- Review next steps

# Consolidated Plan Budget Background



- Consolidated Plan consists of 5 grants received from U.S. Department of Housing and Urban Development (HUD)
  - Community Development Block (CDBG)
  - Home Investment Partnerships (HOME)
  - American Dream Down-payment Assistance Initiative (ADDI)
  - Emergency Shelter Grant (ESG)
  - Housing Opportunities for Persons with AIDS (HOPWA)

# Consolidated Plan Budget Background (Cont'd)



- Estimated \$29.5m to be received from HUD for FY 2009-10 Consolidated Plan Budget
  - City has not received notice of entitlement allocation amounts for FY 2009-10
  - To meet HUD guidelines to submit FY 2009-10 Action Plan, FY 2009-10 budget assumes same level funding as received in FY 2008-09 for budget development purposes
  - Budget amendment is allowed by HUD, if needed, once final allocations are received

# HUD Grant Funds



- Community Development Block Grant (CDBG)
  - \$17,662,041
  - To develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities
- HOME Investment Partnerships (HOME)
  - \$7,625,416
  - To provide, develop, support, produce, and expand the supply of decent and affordable housing

# HUD Grant Funds



- American Dream Down-payment Assistance Initiative (ADDI)
  - \$72,460
  - To assist low-income families become first-time homebuyers through down-payment assistance

# HUD Grant Funds



- Emergency Shelter Grant (ESG)
  - \$772,437
  - To prevent homelessness and to assist those already homeless
- Housing Opportunities for Persons with AIDS (HOPWA)
  - \$3,332,000
  - To provide housing and/or supportive services to individuals with AIDS, persons who are HIV positive, and their families



# Source of Funds



Source of Funds	FY 2008-09 Amended Budget	FY 2009-10 Proposed Budget
CDBG (grant)	\$17,305,776	\$17,305,776
CDBG (HUD reallocation confirmed in Dec 2008)	373,689	356,265
HOME (grant)	7,625,416	7,625,416
ADDI (grant)	72,460	72,460
ESG (grant)	772,437	772,437
HOPWA (grant)	3,332,000	3,332,000
<b>Sub-Total HUD Grant Funds</b>	<b>\$29,481,778</b>	<b>\$29,464,354</b>

# Source of Funds



Source of Funds	FY 2008-09 Amended Budget	FY 2009-10 Proposed Budget
CDBG Program Income – Housing Activities	350,000	350,000
CDBG Income – (one time)	656,672	1,000,000
CDBG Program Income – Intown Housing Developer Repayments	35,000	35,000
CDBG Program Income – Sub-recipient Retained (SDDC)	600,000	600,000
CDBG Reprogramming	1,700,998	1,494,154
HOME Program Income (Housing)	300,000	300,000
<b>Grand Total All Sources</b>	<b>\$33,124,448</b>	<b>\$33,243,508</b>

# Uses of Funds



City Manager's  
Recommendations

and

CDC Recommendations

# Use of Funds



Use of Funds	FY 2008-09 Amended Budget	FY 2009-10 City Manager Proposed	FY 2009-10 Recommended by CDC
Public Services (CDBG)	2,706,572	2,707,056	2,747,056
Public Improvements (CDBG)	848,224	1,565,000	1,565,000
Housing Activities (CDBG)	12,719,011	12,019,731	11,979,731
Economic Development (CDBG)	1,135,435	1,240,000	1,240,000
Fair Housing (CDBG)	571,936	551,293	551,293
Program Oversight (CDBG)	3,040,957	3,058,115	3,058,115
HOME Activities	7,925,031	7,925,416	7,925,416
ADDI Activities	72,460	72,460	72,460
ESG Activities	772,437	772,437	772,437
HOPWA Activities	3,332,000	3,332,000	3,332,000
<b>Total</b>	<b>\$33,124,448</b>	<b>\$33,243,508</b>	<b>\$33,243,508</b>



# Budget Considerations

- Comply with HUD regulations
- Consistent with 5-Year Consolidated Plan
- Increased service level needs
- Continue to allocate CDBG funds for Public Services at (or near) the 15% maximum allowed

# Budget Considerations (Cont'd)



- Includes funding for cost increases related to employee health benefits and pay for performance adjustments
- Comply with City's timely expenditure policy
- Continue to comply with HUD monitoring and reporting requirements

# CDBG Public Services Highlights & Changes



## City Manager's Recommendations:

- No new programs recommended
- Eliminate funding for Community Youth and Senior Program (West Oak Cliff)
  - Concept added in FY 2006-07
  - Contract awarded to Calumet Community Center for one year with 2 one-year renewal options, ending in FY 2008-09
    - \$100,000 in FY 06-07
    - \$16,000 in FY 07-08
    - \$26,000 in FY 08-09
- Continuation of all other programs funded in FY 2008-09

# Public Services Highlights & Changes



## CDC Recommendations:

<b>Decrease:</b>	
Housing Activity (Residential Development Acquisition Loan Program)	(\$40,000)
<b>Increase:</b>	
Public Services (Small Business Development Training & Mentoring)	\$40,000
<b>Total</b>	<b>\$40,000</b>

### CDC Rationale:

•Unanticipated Program Income (PI) during March yielded additional \$40k capacity that could be used under public services cap.

CDC desired to increase development and training for small businesses. Residential Development Acquisition Loan Program (RDALP) was reduced due to proposed increase from prior year funding.

**CMO Response:** City Manager does not object



# Housing Highlights & Changes



## City Manager's Recommendation:

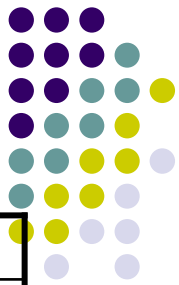
- Returns funding in Relocation Assistance to the FY 2005-06 amount
  - Funding in FY 2006-07, 2007-08 and 2008-09 had been increased to complete pending Urban Rehabilitation Standards Board (URSB) cases
  - URSB was “sunset” and no additional cases scheduled
  - Remaining outstanding cases are projected to be completed by September 30, 2009
  - Sufficient funds are available to complete cases through September 30, 2009

# Housing Highlights & Changes (cont'd)



Housing Programs Summary		FY07-08	FY08-09	FY09-10
<b>Mortgage Assistance Program</b>	CDBG	0	0	1,870,000
	HOME	4,497,803	4,045,560	1,130,000
- \$1m overall reduction due to anticipated decrease in requests for first time homebuyer's assistance during FY 2009-10		<b>Sub-Total</b>	<b>\$4,497,803</b>	<b>\$4,045,560</b>
<b>Residential Development Acquisition Loan Program (FY09-10 reflects CDC recommendation)</b>	CDBG	825,000	825,000	960,000
	HOME	0	0	0
- Proposed CDBG increase during FY 2009-10 due to anticipated increase in number of developable lots		<b>Sub-Total</b>	<b>\$825,000</b>	<b>\$825,000</b>
<b>Community Based Development Organization</b>	CDBG	0	0	500,000
	HOME	0	0	0
- New program for FY 2009-10 to provide funds for new housing construction in response to anticipated increase in number of developable lots		<b>Sub-Total</b>	<b>\$0</b>	<b>\$500,000</b>

# Housing Highlights & Changes



Housing Programs Summary (cont'd)		FY07-08	FY08-09	FY09-10
<b>Reconstruction/SHARE Program (formerly known as Replacement/SHARE Program)</b>	CDBG HOME	1,125,655 492,378	3,596,086 821,967	1,932,527 0
- Proposed overall funding decrease during FY 2009-10 due to sufficient prior year funds available to sustain program	<b>Sub-Total</b>	<b>\$1,618,033</b>	<b>\$4,418,053</b>	<b>\$1,932,527</b>
<b>People Helping People Program</b> <b>*Funding added in FY08-09 Reprogramming #2</b>	CDBG HOME	0 0	518,880* 0	800,903 0
- Program funded in General Fund (GF). Proposed CDBG increase in FY 2009-10 to continue to provide service due to anticipated GF revenue decrease	<b>Sub-Total</b>	<b>\$0</b>	<b>\$518,880</b>	<b>\$800,903</b>
<b>Community Housing Development Organizations (CHDO's) – Development Loans</b>	CDBG HOME	0 1,302,849	0 1,144,140	0 2,940,756
- Provides development and predevelopment loans to nonprofit City-certified CHDO's for developing affordable housing for low-income households	<b>Sub-Total</b>	<b>\$1,302,849</b>	<b>\$1,144,140</b>	<b>\$2,940,756</b>
<b>TOTAL HOUSING PROGRAMS</b>		<b>\$8,243,685</b>	<b>\$10,951,633</b>	<b>\$10,134,186</b>

# Housing Highlights & Changes



## City Manager's Recommendations:

- Increased funding for Neighborhood Investment Program (NIP) - Code Compliance to address expanded NIP areas, North Oak Cliff/Marsalis and Lancaster Corridor (from \$171k to \$594k)
- Continuation of all other programs funded in FY 2008-09

## CDC Recommendations

- \$40k reduce from Residential Development Acquisition Loan Program due to proposed increase from prior year funding

# Economic Development Highlights & Changes



## City Manager's Recommendations:

- Continue funding for 8 current Business Assistance Centers
  - 2 new BAC's added during FY08-09, effective April 1, 2009
    - Hispanic Contractors
    - Indo-American Chamber of Commerce
- Continue use of revolving loan funds (program income of \$600,000) for SDDC Business Loan Program

## CDC Recommendation:

- No amendments to the Economic Development budget

# Public Improvement Highlights & Changes



## City Manager's Recommendations:

- Increased funding for citywide Neighborhood Street petition grant program (from \$50k to \$65k)
- Increased funding for infrastructure improvements in Neighborhood Investment Program target areas (from \$678k to \$1.5m)

## CDC Recommendation:

- No amendments to Public Improvements budget



# Fair Housing and Program Oversight Highlights & Changes

## City Manager's Recommendations:

- Fair Housing, Planning, and Program Oversight activities are proposed at 20%
  - HUD regulations allow 20% of grant
- Reduced funding to comply with HUD cap regulations

## CDC Recommendation:

- No amendments to Fair Housing, Planning and Program Oversight budget



# HOME

## Highlights & Changes

### City Manager's Recommendation:

- Funding for CHDO Development Loans and CHDO Operating Assistance at 15% minimum and 5% maximum of entitlement (HOME funding requirements)
  - Increased funding for CHDO Development Loans
    - Minimum 15% required - \$1,143,813
    - FY 2009-10 recommended - \$2,940,756



# HOME

## Highlights & Changes



### City Manager's Recommendations (cont'd):

- Housing programs are as listed on Slides 14 and 15
- Continue funding for client assistance in Tenant Based Rental Assistance (TBRA) program

### CDC Recommendation:

- No amendments to HOME budget

# ADDI

## Highlights & Changes



### City Manager's Recommendation:

- Continue funding for first-time homebuyer's down payment assistance

### CDC Recommendation:

- No amendments to ADDI budget

# ESG

## Highlights & Changes



### City Manager's Recommendation:

- Continue funding in essential services, operations, homelessness prevention, and program administration

### CDC Recommendation:

- No amendments to ESG budget

# HOPWA

## Highlights & Changes



### City Manager's Recommendations:

- Funding allocations made in reference to priorities established by the Ryan White Planning Council (RWPC) and with needs identified in RWPC 2007 Comprehensive Needs Assessment
- Restore funding in Tenant Based Rental Assistance to address current needs. (Program using unspent prior year funds to supplement FY 08-09 funding.)

# HOPWA

## Highlights & Changes

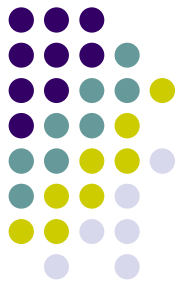


### City Manager's Recommendations (cont'd):

- Restore funding in Emergency Assistance to address current needs. (Program using unspent prior year funds to supplement FY 08-09 funding.)
- Decreased funding in Housing Facilities Operations and Supportive Services
- No projects in Housing Facilities Rehab/Repair category recommended

# HOPWA

## Highlights & Changes (cont'd)



CDC Recommendation:

<b>Decrease:</b>	
Housing Facilities Operation	(\$161,500)
<b>Increase:</b>	
Housing Facilities Rehab/Repair	\$161,500
<b>Total</b>	<b>\$161,500</b>

### CDC Rationale:

CDC supports additional funding (\$161,500) for needed repairs. CDC anticipates minimal impact to the Housing Facilities operation.

CMO Response: City Manager does not object

# Next Steps for FY 2009-10 Consolidated Plan Budget Development



- May 14 – Council Amendments due
- May 20 – Council preliminary adoption of FY2009-10 Consolidated Plan Budget and call the public hearing
- May 20 – Council amendments discussion and straw votes
- May 21 – Begin 30 day public review and comment Period



## Next Steps for FY 2009-10 Consolidated Plan Budget Development (Cont'd)

- June 10 – Public hearing before City Council
- June 24 – Final adoption by Council
- August 14 – Submit FY 2009-10 Action Plan to HUD
- October 1 – Implement plan



# Update on Federal Stimulus Funding



- April 1, 2009 – Council provided and update and recommended action plan for the recently enacted federal economic stimulus (American Recovery Reinvestment Act of 2009) package
- April 2, 2009 – CDC reviewed recommended action plan and made recommendations to the CDBG formula funds to be received from HUD

# Update on Federal Stimulus Funding



## CDC Recommendations:

<b>Decrease:</b>	
Sidewalk/Street Improvements: CDBG eligible areas	(\$155,500)
<b>Increase:</b>	
Public Services:	
Low Birth Weight Program	\$17,000
Community Youth and Senior Program (West Oak Cliff)	\$20,000
Vocational Training and Employment for Adults with Disabilities Program	\$24,000
Community Food Pantry and Resources Program	\$35,000
Community Development & Re-entry Program	\$59,000
<b>Total</b>	<b>\$155,000</b>

## CM Response

- City Manager recommends caution in using one-time stimulus funds for Public Services activities for lack of sustainability after the funds runs out.