



# City of Austin

# MEMO

## Neighborhood Housing and Community Development

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**Date:** June 14, 2017

**To:** Mayor and Council Members

**From:** Rosie Truelove, Interim Director, Neighborhood Housing and Community Development Department

**Subject:** Update on federal funding and City of Austin's DRAFT Fiscal Year 2017-18 Action Plan

The purpose of this memorandum is to update the City Council on the status of federal funding the City of Austin normally receives through federal block grants to support programs for low- to moderate-income Austinites. In addition, the memorandum serves to update the City Council on the Action Plan, which serves as the City's application for these federal dollars.

In Fiscal Year 2016-17, the City of Austin received approximately \$11.5 million from U.S. Department of Housing and Urban Development (HUD) to address the needs of Austin's low- to moderate-income families through four federal formula grants. These include the Community Development Block Grant (CDBG) Program, HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA). Both the Neighborhood Housing and Community Development Department (NHCD) and Austin Public Health (APH) administer these dollars to deliver community services activities.

In FY 2016-17, the City was awarded the following by HUD:

Federal Grant	Administering Department	FY 2016-17 Allocation
Community Development Block Grant (CDBG) Program	NHCD	\$7,115,474
HOME Investment Partnership Program (HOME)	NHCD	\$2,612,058
Emergency Solutions Grant (ESG)	APH	\$637,196
Housing Opportunities for Persons with AIDS (HOPWA)	APH	\$1,138,204
TOTAL		\$11,502,932

#### Status of federal funding

On May 23, 2017, President Trump released a spending plan that proposes a 15 percent cut to HUD's budget, and the elimination of funding for both the CDBG and HOME programs. CDBG funding allows cities to invest in programs that serve its most vulnerable individuals to provide "decent, safe, sanitary housing; a suitable living environment; and expand economic development opportunities."

The City of Austin has a long-standing commitment to funding activities that support Senior Services, Childcare and Youth Support Services; Renter and Homeowner Assistance; Homebuyer Assistance; Housing Developer Assistance; Commercial Revitalization; and Small Business Assistance. The elimination of these federal allocation would impact NHCD's service levels in these areas unless alternate funding solutions were brought forward. Currently, the president's proposed budget does not propose funding elimination of the Emergency Solutions Grant (ESG) and the Housing Opportunities for Persons with AIDS (HOPWA) – both of which are administered by Austin Public Health. NHCD staff will be providing updates to Council as information is made available.

Although it is anticipated that there will be changes to the proposed federal budget, cities may not be informed of proposed entitlement awards as Council's local budget deliberations begin. Congress has not completed the appropriations process for funding in FY 2017-18.

#### Status of Action Plan

The Action Plan describes the community needs, resources, priorities, and proposed activities that these dollars will fund with regard to housing, community and economic development, and public services. Each year, the Neighborhood Housing and Community Development (NHCD) Department seeks the community's input to help drive investment decisions about these funds that can help address the community's needs related to housing and community development activities.

In the absence of anticipated entitlement award amounts, HUD advised CDBG and HOME recipients to complete the FY 2017-18 Draft Action Plans using the FY 2016-17 allocation amounts. In essence, HUD has advised that Action Plans are to be submitted to HUD by August 16, 2017, assuming no change in future allocations to allow for the mandated review by HUD of the proposed uses of these funds. Once FY 2017-18 funding allocations are released by HUD, the City's FY 2017-18 Action Plan will be updated to reflect those appropriations, and City Council will be kept apprised of all updates to funding.

The 30-day public comment period for the City of Austin's DRAFT Fiscal Year 2017-2018 Action Plan is underway (May 23-June 26). In accordance with the City of Austin's Citizen Participation Plan, two public hearings are to be conducted during the comment period – one before the Community Development Commission on June 13, 2017, and one before the Austin City Council on June 15, 2017.

The public is invited to view the DRAFT Fiscal Year 2017-2018 Action Plan and Community Development Program online at <http://www.austintexas.gov/housing> or at ten neighborhood locations. The public comment opportunity was included in the April edition of Austin Energy's PowerPlus Newsletter, which is distributed to over 400,000 households in Austin, as an additional avenue to reach low-to moderate-income households throughout Austin.

NHCD will initiate a Request for Council Action (RCA) for City Council to take action to approve the final Fiscal Year 2017-18 Action Plan on August 3, 2017. The Action Plan, serving as the City's grant application for the four formula grants, is due to HUD no later than August 16, 2017, in order for the City of Austin to receive future funds that may be allocated for use in Fiscal Year 2017-2018.

We will continue updates on federal funding as additional information is available. For more information regarding the HUD funding updates or the Action Plan, please contact me at (512) 974-3064 or Erica Leak, Housing Planning & Policy Manager, at (512) 974-9375.

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