



**TO:** Mayor & Council Members

**FROM:** Margaret Shaw, Director, Neighborhood Housing & Community Development  
David Lurie, Director, Health & Human Services  
Greg Canally, Deputy Chief Financial Officer

**DATE:** May 8<sup>th</sup>, 2009

**SUBJECT:** Recommendation for Allocation of \$5.1 million in HUD ARRA Funding

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As part of the American Recovery & Reinvestment Act of 2009, the City of Austin received \$5 million in formula-allocated funding from the US Department of Housing & Urban Development (HUD):

- \$2.0 million in Community Development Block Grants (CDBG-R)
- \$3.1 million in Homelessness Prevention & Rapid Re-Housing Program (HPRP) funds

Neighborhood Housing and Community Development (NHCD), the City's lead agency for HUD funding, will administer the CDBG funds. HPRP will be passed through NHCD to the Health and Human Services Department (HHSD) for daily administration consistent with annual HUD funding for homeless services. As was outlined in an April 1<sup>st</sup> memo to the City Council, staff has been working through a stakeholder and community input process to help determine a final recommendation of how to allocate these funds. On the May 14<sup>th</sup> Council agenda, there is an item to adopt an amendment to the City's HUD Consolidated and Action Plans, which is necessary to secure this \$5.1 million in funding.

#### Background on HUD-ARRA Process

Shortly after the ARRA passed in February 2009, HUD issued guidance directing communities to follow their locally developed, HUD-mandated Citizen Participation Plan to amend their current HUD Action Plans to accept ARRA funding. Austin's plan requires a City Council public hearing and a written comment period. Formal HPRP regulatory guidelines were released last month and dictated that the application for the \$3.1 million is due to HUD on May 18<sup>th</sup>. CDBG regulations were released on May 5<sup>th</sup> and also require submission by May 18<sup>th</sup> for communities seeking both HPRP and CDBG-Recovery funding.

## Public Processes

Potential projects were gathered via a public comment period that lasted from April 20<sup>th</sup> to May 1<sup>st</sup> – including written comments, a public hearing at City Council on April 23<sup>rd</sup>, and an on-line submission. These efforts were in addition to the annual public process that NHCD conducts on the annual Consolidated Plan. From January 1<sup>st</sup> through March 13<sup>th</sup>, over the course of five public hearings and over ten stakeholder meetings, NHCD gathered input on community priorities to help determine program funding for the Fiscal Years 2009-2014 Consolidated Plan. For the CDBG-R funds, the Community Development Corporation (CDC) expanded local criteria for staff to use in evaluating potential projects eligible for this funding. NHCD also presented information on the CDBG-R to the Urban Renewal Board at their April 20<sup>th</sup> meeting.

HHSD engaged an advisory group of community stakeholders, including the CDC chair, and homeless service providers to finalize its recommendations. The Department has also worked with the CDC on these efforts and presented to City Council's Public Health and Human Services Subcommittee on April 21<sup>st</sup>, 2009.

Staff provided a presentation on these overall efforts at the April 23<sup>rd</sup> Council Meeting, including a detailed list of the criteria that would be used to evaluate potential projects.

Attached please find a summary of comments on both HPRP and CDBG-Recovery received from the public including the April 23<sup>rd</sup> Council public hearing and written comments received on line and from letters between April 20<sup>th</sup> and May 1<sup>st</sup>, 2009.

All Information as it became available has been also been posted at [www.cityofaustin.org/housing](http://www.cityofaustin.org/housing) and/or at [www.cityofaustin.org/stimulus](http://www.cityofaustin.org/stimulus). NHCD also regularly sends electronic mails to a list of hundreds of stakeholders to update them on key departmental activities, including the HUD ARRA funding process.

## **Staff Recommendations**

### Community Development Block Grants (CDBG-R)

NHCD organized a panel of senior interdepartmental representatives to rank the projects/programs submitted for CDBG-R award. Given the high precedent set by these funds nationally, the City will face heightened oversight and monitoring from the Federal government, the public and media. Staff also considered the capacity of potential project partners, leveraging for the project/program, and set minimum award at \$250,000 in order to minimize City administrative burdens and to maximize impact.

Local criteria for award fall into three major categories: (1) sustainable, well-financed, established efforts; (2) yield significant results for the community; and (3) tangible results for the residents, especially low to moderate-income populations and neighborhoods. CDBG-R guidelines issued this past Tuesday set clear overall priorities to “maximize job creation and economic benefit”. Specific direction includes:

- 70 percent of the funding is to benefit low to moderate-income residents

- creating/preserving jobs and promoting economic recovery;
- assisting those most impacted by the recession;
- providing investment to promote economic efficiency;
- transportation, environmental protection or other infrastructure that provides long-term economic benefits;
- energy efficiency/independence;
- minimizing/avoiding reductions in essential services;
- efforts begin swiftly (“shovel ready”); and
- “discrete, stand-alone activities.”

In addition, the federal guidelines include a “Buy America” clause that requires all iron, steel, and manufactured goods used in projects funded by CDBG-Recovery be produced in the United States. This will impact all projects proposed to some degree; staff will work with the successful candidates to ensure compliance.

Using the Federal and local criteria, staff recommends awarding the \$2.0 million in CDBG-R funds, as follows:

- **\$500,000 for Lifeworks’ East Austin Youth and Family Resource Center** to purchase land to construct a green-building Resource Center at to expand critical workforce, education and mental health services to low-income populations. Significant leverage is included with corporate, public and nonprofit partners, including Capital Idea, Central Texas Literacy Coalition, Austin Community College and Casey Family Programs. The project has secured the majority of funding, and meets job creation and long-term economic development needs. Its operations are sustainable through key partnerships.
- **\$750,000 for PeopleFund’s Center for Economic Opportunity** will be a LEED Silver certified building that will provide comprehensive services for local businesses and homebuyers. In addition, affordable office space for to local businesses will be incorporated. Key criteria met are job creation/preservation, long-term economic development, and sustainable operations with most project financing secured.
- **\$500,000 for African-American Cultural and Heritage Facility**, located at 912 East 11th Street in the historic Hamilton-Dietrich House, will house ProArts Collective, a Visitors Bureau, and the Capital City Chamber of Commerce. Providing arts and assistance for small businesses while educating visitors on the cultural richness of the area is a community and Council priority project, with \$1.5 million included in the 2006 Bond election. The job creation through construction and tourism and long-term economic benefits of the project will continue the revitalization of the East 11 and 12<sup>th</sup> Street corridors. These CDBG-R funds would allow for the full funding necessary to complete this project and incorporate green building practices. At their April 20th meeting; the URB discussed their support for securing additional funding for the proposed African-American Cultural and Heritage Facility on East 11th Street, and the African American Resource Advisory Commission has encouraged the City to identify additional funds for the project.

- **\$250,000 to fund critical new sidewalks in central East Austin.** Many of the “Top 25” sidewalks on Public Works’ list developed with community input are in historically disadvantaged neighborhoods of central East Austin. This funding will allow new sidewalks in these key areas to be completed. While a 1982 city ordinance encourages annually-awarded CDBG funds to be used only for community development activities, these one-time CDBG-R funds are well suited for these sidewalk projects, since they are an essential component of public transit, which is used primarily by low to moderate-income Austin residents. These projects will enhance the lifestyles of residents, including health (one of the key components of the prioritization matrix in the Council-adopted sidewalk master plan), while ensuring the safety of pedestrians and people with disabilities.

These proposals represent the projects that most closely align with the Federal and local criteria, notably job creation/economic benefit and “shovel ready.” There were other compelling proposals, some of which are eligible for other funding. Repair of homes of the very low-income residents is a high priority. As part of the upcoming Consolidated Plan, NHCD staff will propose for the FY 2009-10 budget that \$2 million in General Obligation bond funds be targeted for emergency home repairs and architectural barrier removal, *in addition to* the millions traditionally budgeted on an annual basis. Using bond funds for emergency home repairs is preferable, because they are a more flexible funding source than these CDBG-R funds. Another compelling proposal was for rental assistance, which has an increased demand as a result of the current economic conditions. Through the HPRP funds, assistance will be provided to families and others facing homelessness (see below).

#### Homeless Prevention & Rapid Re-housing Program (HPRP)

HPRP has three primary goals:

**Prevention:** Prevent people from becoming homeless whenever possible

**Diversion:** Intervene when people enter shelters and divert them into housing

**Rapid Re-Housing:** Move people who become homeless into permanent housing as quickly as possible

The City of Austin’s goal is to expend 100% of the \$3.1 million within 2 years, ahead of the Federal schedule, in the following areas:

- **\$480,000 for HPRP Specialists**  
To identify, assess and qualify potential clients and to expand outreach to key eligible populations
- **\$240,000 for Housing Locators/Inspectors**  
To identify and inspect available housing; negotiate with landlords; liaison between landlords and potential eligible tenants; and follow-up point of contact for landlords and tenants
- **\$120,000 for Mediation/Legal Services**  
To expand current tenant/landlord mediation services and to provide services to all HPRP clients

- **\$1,970,000 for Rent & Utilities and Other Direct Financial Assistance**  
To provide short or medium term rent assistance to prevent homelessness or to re-house homeless household; replacement of identification, moving expenses, credit reports/credit repair, immediate legal assistance
- **\$102,000 for Homeless Management Information System**
- **\$153,000 for Administration**

These services will be provided by agencies currently under contract with the City and/or new agencies that respond to RFPs. This effort must be completed by September, in order to be obligated by September 30<sup>th</sup>.

#### Next steps

NHCD and HHSD will be presenting these recommendations to the CDC at Tuesday's CDC meeting. The CDC recommendation will be forwarded to the City Council on Wednesday, in advance of Thursday's Council action.

This is an exciting opportunity for Austin in the midst of a National economic slowdown to make significant investments in underserved populations or neighborhoods in Austin. We look forward to bringing these recommendations to you on May 14<sup>th</sup>. Please do not hesitate to contact us if you need further information.

xc: Marc A. Ott, City Manager