



To the Mayor and Members of the City Council

July 19, 2011

Page 1 of 2

SUBJECT: RECOMMENDATION TO USE \$700,000.00 OF THE GENERAL FUNDS BUDGETED IN THE HOUSING TRUST FUND FOR THE CITY'S HOUSING ASSISTANCE PROGRAM, AND ADMINISTRATIVE COSTS FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIP PROGRAMS

The purpose of this Informal Request is to provide City Council with information regarding staff's recommendation to move \$700,000.00 in General Funds currently budgeted to the Housing Trust Fund (HTF) to the Special Trust Fund in order to continue the City's Housing Assistance Program (HAP) for 2010-2011, and for administrative costs to operate the Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs for the 2011-2012 Program Year (PY). Approval of this request will eliminate the need to request funding from the General Fund. Currently, there is \$846,903.50 in General Funds in the Housing Trust Fund. Additionally, the Fund is expected to receive \$900,000 from a project loan repayment before the end of the fiscal year.

Housing Assistance Program (HAP) -\$450,000.00

HAP provides up to \$14,999.00 to income-eligible buyers for down payment and/or closing cost assistance for the purchase of a home. Since June 1, 2010, the start of the 2010-2011 fiscal year, 87 HAPs have been completed. Because the City extended its PY from June-May to June-September, most of the funds that were budgeted for this program have been used. There are currently 25 applications for the program with available funds to complete nine. Staff anticipates receiving an additional 15 requests before the end of the fiscal year. Therefore, staff recommends using \$450,000.00 of the General Fund dollars in the Housing Trust Fund to meet this need.

If City Council approves this request, the \$450,000.00 will serve as the City's match requirement for the 2011-2012 HOME allocation awarded by the Department of Housing and Urban Development (HUD). HUD requires the City to match its 2011-2012 HOME entitlement funds of \$2,832,159.00 with 12.5% match or \$354,019.88. Match funds must come from non-federal sources, and the excess match funds will be counted as match for future years.

The Housing Assistance Program is available in ALL COUNCIL DISTRICTS.

CDBG and HOME Administrative Costs (\$250,000.00)

HUD has awarded the City \$2,832,159.00 in HOME funds and \$6,153,267.00 in CDBG funds for the 2011-2012 PY. The City is allowed up to 10% (\$283,215.90) of its HOME allocation for administrative costs, and 20% for CDBG (\$1,230,653.40). This is a reduction of \$272,565.80 in HOME and CDBG in the department's administrative budget. Therefore, staff recommends that Council approve \$250,000.00 of the HTF General Funds to supplement the CDBG and HOME administrative budget to effectively operate the programs and fulfill all required obligations without impacting the General Fund.



To the Mayor and Members of the City Council

July 19, 2011

Page 2 of 2

SUBJECT: RECOMMENDATION TO USE \$700,000.00 OF THE GENERAL FUNDS BUDGETED IN THE HOUSING TRUST FUND FOR THE CITY'S HOUSING ASSISTANCE PROGRAM, AND ADMINISTRATIVE COSTS FOR THE COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIP PROGRAMS

Staff intends to place an M&C regarding the recommendation on the City Council agenda on August 2, 2011 for City Council's consideration.

If you have any questions, please contact Jay Chapa, Director, Housing and Economic Development Department at 817/392-5804.

A handwritten signature in cursive script, appearing to read "Tom Higgins".

Tom Higgins
Interim City Manager