

# Purpose & Objective

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- **Purpose**
  - **Review the future of the City's Community Development Block Grant (CDBG) program**
- **Objective**
  - **City Council direction for the future implementation of the City's program**

# Outline

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- **Program Overview**
- **Future of the CDBG Program**
- **City Council Input & Direction**



# CDBG Program Overview

# Program Overview

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- Administered by the U.S. Department of Housing and Urban Development
- National Objectives
  - Benefit Low to Moderate Income Individuals
  - Elimination of Slum and Blight
  - Urgent Need (Natural Disaster)
- Existing program began in 2001 with the City's designation as a HUD Entitlement Grantee



## Program Overview (cont.)

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- Questions raised during previous City Council meetings as to whether the City should continue to accept CDBG funds
- Annual discussions with the Finance Audit Committee to assess the future of the CDBG program
- Workshop with City Council in January 2018
  - Staff was asked to continue monitoring regulatory changes before a decision would be made

## Program Overview (cont.)

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- Recent discussions with the Finance Audit Committee to assess the future of the CDBG program
  - Meetings conducted in June, July & August 2018
  - Unanimous recommendation (in agreement with staff recommendation) to discontinue the CDBG program and enter into an agreement with Ft. Bend County for continued service to City residents



# Historical CDBG Funding Allocations

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Program Year	Funding Allocation	Percent Change
2010	\$367,419	
2011	\$306,988	-16%
2012	\$309,200	1%
2013	\$318,011	3%
2014	\$301,641	-5%
2015	\$282,395	-6%
2016	\$267,181	-5%
2017	\$283,687	6%
2018	\$331,872	17%

**\*Program Years span October 1<sup>st</sup> through September 30<sup>th</sup>**

# Historical Annual Allocation Distribution

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Program	Funding Allocation*	Percentage	Average Allocation/Year**
Administration	\$979,556	17%	\$54,420
Public Services	\$888,682	15%	\$49,371
Housing	\$1,525,714	26%	\$84,762
Infrastructure	\$2,498,107	42%	\$138,784
Total	\$5,892,059	100%	

**\*18 Year Period (PY 2001 – PY 2018)**

**\*\*Average over life of program**



# Consolidated Plan

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- **Currently operating under the Program Year (PY) 2014 – 2018 Consolidated Plan**
  - **Plan expires in September 2019**
  - **New plan to span PY2019 – 2023  
(October 2019 – September 2024)**
- **City to complete Covington Woods project (PY 2017) & Mayfield Park restroom building project (PY 2018)**

# Program Administration

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- **Consultant contracted**
- **Completion of tasks remain the same regardless of funding**
- **Staff time not reimbursed under City's program**
  - **Eligible by program requirements**
  - **City focuses on reimbursement of consultant costs**
  - **Estimate of approx. \$30,000 per year funded by the City for direct staff time related to program administration**

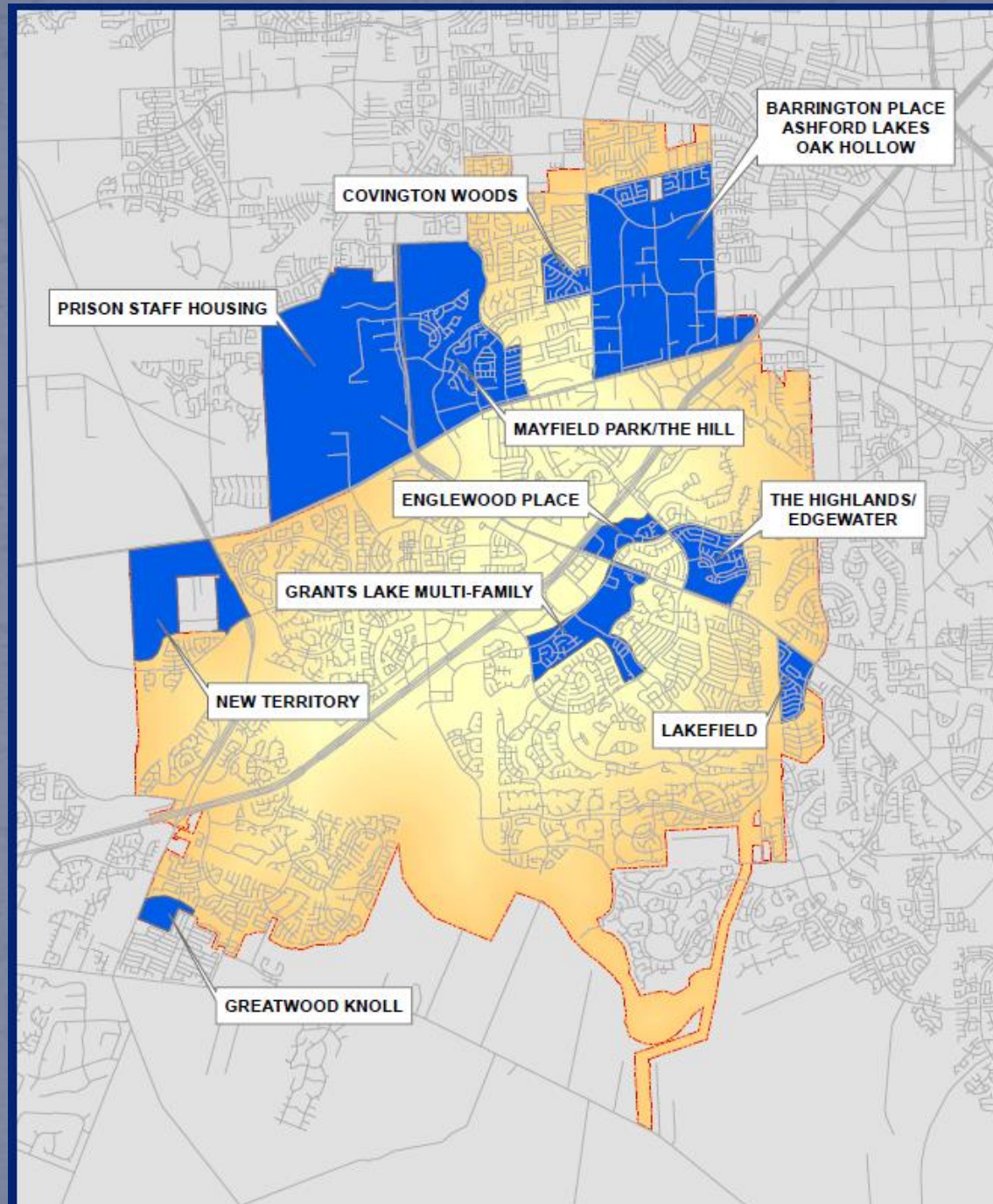


# Infrastructure Improvements

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- **Projects focus on Target Areas**
  - **Areas designated as low- to moderate-income**
- **Utilization of CDBG funds on a project require the entire project to comply with CDBG requirements**
- **Primarily limited to street & sidewalk repairs**
  - **Must often carve out projects for use of CDBG funds**







# Program Changes

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- Fair Housing has always been a CDBG program requirement
  - Outlined in Fair Housing Plan & Analysis of Impediments
- New Affirmatively Furthering Fair Housing (AFFH) Rule approved by HUD in July 2015
  - Framework for grantees to take “meaningful actions” to overcome patterns of segregation, promote fair housing choice & encourage communities free of discrimination
  - Requires submittal of Assessment of Fair Housing (AFH)

## Program Changes (cont.)

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- **AFH originally required for submittal in November 2018**
  - **Notice provided on January 5, 2018 to delay AFH submittals until after October 31, 2020**
  - **Federal Notices on May 18, 2018 (effective May 23, 2018)**
    - **Withdrew the January 5, 2018 notice**
    - **Withdrew Local Government Assessment Tool used for development of the AFH**
    - **Reminds grantees of pre-existing requirements and completion of an Analysis of Impediments**



## Program Changes (cont.)

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- Program requirements are unstable & fluctuate with political changes (i.e. Congressional & Presidential leadership)
- Difficult to fully assess HUD-required activities
- Wall Street Journal article (8/14/18) includes interview with HUD Secretary Ben Carson
  - Plans to focus on restrictive zoning codes
  - Encourage development of mixed-income multifamily dwellings
  - Hopes to have a new rule in place by the fall

# Future of the CDBG Program



# Program Options

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- Continue to administer the CDBG program
- Discontinue the CDBG program
- Discontinue the CDBG program & enter into an agreement with Ft. Bend County for continued service to City residents

## Continuation of the Program (Option 1)

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- **Standard CDBG program implementation remains the same**
- **Compliance requirements/submittals continue as required**
- **Development of Five-Year Consolidated Plan**
  - **Spanning PY 2019 - 2023**



## Discontinuation of the Program (Option 2)

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- **Discontinue CDBG program after Program Year (PY) 2018 (the end of the current Consolidated Plan)**
- **City to no longer receive CDBG funds**
- **Agencies seeking funding would apply directly to the State**

## Discontinuation of the Program (Option 3)

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- **Discontinue CDBG program after Program Year (PY) 2018 (the end of the current Consolidated Plan)**
- **Participate as a member of the Urban County Program with Fort Bend County beginning PY 2019**
  - **Execute a Cooperative Agreement**
- **City would no longer directly receive CDBG funds**



## Discontinuation of the Program (Option 3 cont.)

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- City funds would not directly transfer to Ft. Bend County
  - Reallocation completed through HUD formula process
- Residents to be served under Ft. Bend County program & obtain services through many of the same agencies
- City staff will still need to provide assistance
  - Data & information gathering

## Discontinuation of the Program (Option 3 cont.)

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- **Primary Differences**
  - **Ft. Bend County may utilize different program requirements**
    - **Ex. Different housing rehab financial limits/house**
  - **Infrastructure projects most likely won't qualify for funding**
    - **Locations that don't meet Target Area designation**
    - **City-identified projects aren't categorized as a priority**
  - **Participation with Ft. Bend County could open greater opportunities to residents for housing programs**



## Discontinuation of the Program (Option 3 cont.)

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- Questions asked as to the City's liability under Fair Housing requirements if we participate with Ft. Bend County
  - City has greater fair housing responsibilities as a direct recipient than if we participate with Ft. Bend County
  - HUD & Ft. Bend County cannot require the City to take any specific actions under current regulations
  - Sugar Land will work with Ft. Bend County in the administration of the CDBG program

# Discontinuation of the Program

Advantages		Disadvantages
Nonprofit administration more streamlined resulting in decreased cost to agencies		Inability to transfer funds to Ft. Bend County (won't receive City's exact allocation)
Possible greater housing program opportunities for Sugar Land residents		Sugar Land residents compete for assistance with other Ft. Bend County residents
Decreased City staff time requirements		Inability to utilize CDBG funds for City infrastructure projects
No financial implications with the enhanced fair housing compliance requirements		
Challenge removed from the need to identify future significant infrastructure projects		
Timing for conclusion of program in PY 2019		



# Discussions with Nonprofit Agencies

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- **Discussions with four (4) currently funded agencies**
- **Positive/Neutral Implications**
  - **Decrease financial & program costs**
  - **Streamlined administrative process**
- **Negative Implications**
  - **Ft. Bend County program requirements more stringent**
  - **Financial implications of receiving less funding**
  - **Reduction in housing rehab assistance/house**

## Discussions with Nonprofit Agencies (cont.)

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- **Percentage of subrecipient agency's budget represented by Sugar Land CDBG funding**

Agency	% of Budget
Child Advocates	<1%
Fort Bend CORPS	10%
Fort Bend Seniors	0.6%
Literacy Council	1.8%
Hope for Three (PY 2018)	2%



# Ft. Bend County CDBG Program Participation

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- **Participating Cities**

- Arcola
- Beasley
- Fairchilds
- Fulshear
- Kendleton
- Meadows Place
- Needville
- Orchard
- Pleak
- Richmond
- Rosenberg
- Stafford
- Thompsons
- Simonton

- **Does Not Include:**

- Sugar Land (entitlement)
- Missouri City (entitlement)
- Katy (Harris County program)
- Weston Lakes
- Houston (entitlement)

# Questions