



## AGENDA INFORMATION SHEET

**DEPARTMENT:** Community Services

**CM/ DCM/ ACM:** Christine Taylor

**DATE:** July 23, 2024

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton authorizing the City Manager to sign and submit to the Department of Housing and Urban Development a 2024 Action Plan for Housing and Community Development with appropriate certifications, as authorized and required by the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, as amended; authorizing the Director of Community Services, or designee, to sign releases of liens and subordination agreements upon certain conditions; and providing for an effective date.

### **STRATEGIC ALIGNMENT**

This action supports Key Focus Area: Foster Economic Opportunity and Affordability.

### **BACKGROUND**

#### **Community Development Funding Overview**

As a recipient of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) program funds, the City of Denton is required to submit a three or five-year Consolidated Plan (Con Plan) for Housing and Community Development and a corresponding annual Action Plan to the U.S. Department of Housing and Urban Development (HUD). These federal funds are received annually to support the Con Plan and the activities outlined in the City's annual Action Plan. In 2023, the City submitted a five-year Con Plan for the following program years.

- 2023-24 Action Plan – Year 1: Current Year
- 2024-25 Action Plan – Year 2: Recommendations
- 2025-26 Action Plan – Year 3
- 2026-27 Action Plan – Year 4
- 2027-28 Action Plan – Year 5

The annual Action Plan is developed based on strategies outlined in the Con Plan and provides a description of how funds are allocated each Program Year. The annual Action Plan is reviewed and approved by City Council for submission to HUD.

The Community Services Advisory Committee (CSAC) advises the City Council on programs, services, and use of public resources to address complex social problems such as economic instability, housing, homelessness, and meeting community service needs. The CSAC reviews applications for the Community Development Grant Program annually and makes funding recommendations to City Council which includes distribution of local (General Fund) and federal (CDBG and HOME) sources of funding.

### CDBG/HOME Eligible Activities

Eligible activities include housing development, rehabilitation and preservation; improving community facilities and neighborhood infrastructure; public (human) services; economic development; planning; and program administration.

CDBG	HOME
▪ Acquisition	▪ Affordable Rental Housing
▪ Public Facilities and Improvements	▪ Homeownership Assistance
▪ Demolition and Clearance	▪ Tenant Based Rental Assistance
▪ Social Services (15% cap)	▪ Land Acquisition
▪ Housing Programs	▪ New Housing Construction
▪ Economic Development	
▪ Historic Preservation	
▪ Code Enforcement	
▪ Removal of Architectural Barriers	

### Citizen Participation

To gain public input to draft the 2024 Action Plan, staff held a public hearing on November 2 at the MLK Jr. Recreation Center and used an online survey requesting citizen input regarding the use of CDBG and HOME funds. A summary of online surveys is included in Exhibit 1. A final Public Hearing was held June 18, 2024, for feedback on the draft 2024 Action Plan (ID 24-176). Public hearings and survey outreach methods included the following:

1. Information was sent out through Constant Contact to interested citizens, previous clients, committee members, local churches, participating lenders and realtors, neighborhood associations and social services agencies;
2. Newspaper advertisements were posted in the Denton Record Chronicle;
3. Information was sent to City Council members and City employees through the Friday Report;
4. Flyers were posted in City buildings; and
5. Information was posted on social media.

### Available Funding

The City of Denton’s 2024 Action Plan reflects local (General Fund), and federal (CDBG and HOME) funding. The City’s general fund allocation for the Community Development Grant Program is included in the Action Plan to reflect the City’s investment leveraged with federal funds. However, the General Fund recommendations will be considered for approval by City Council during the normal budgeting cycle for FY2024-25. The total grant funding for the PY2024-25 program year is \$1,747,703.52:

### Funding Summary by Funding Source

FUNDING SOURCE	FUNDING AMOUNT	SET-ASIDES	24-25 CSAC ALLOCATION
Community Development Block Grant	\$1,015,047		
Community Development Block Grant - Program Income <sup>1</sup>	\$4,000.00		
Community Development Block Grant – Administration <sup>2</sup>		\$203,009	
Community Development Reallocated Funds <sup>3</sup>		\$0	
<b>CDBG TOTAL</b>	<b>\$1,019,047.00</b>	<b>\$203,009.00</b>	<b>\$816,038.00</b>
HOME Investment Partnership Grant	\$471,992.36		
HOME Investment Partnership Grant - Program Income <sup>1</sup>	\$125,327.33		

FUNDING SOURCE	FUNDING AMOUNT	SET-ASIDES	24-25 CSAC ALLOCATION
HOME Investment Partnership Grant – Administration <sup>2</sup>		\$47,199.00	
HOME Reallocated Funds <sup>3</sup>	\$3,589.83		
<b>HOME TOTAL</b>	<b>\$600,909.52</b>	<b>\$47,199.00</b>	<b>\$553,710.52</b>
General Funds	\$3,492,419.00		
General Funds – Administration		\$2,066,014.00	
General Funds – Homeless Initiatives		\$703,450.00	
General Funds – Rental Repair Program		\$100,000.00	
General Funds – Mentor Denton		\$20,000.00	
General Funds – Development Fee Grant		\$225,000.00	
<b>GENERAL FUND</b>	<b>\$3,492,419.00</b>	<b>\$3,114,464.00</b>	<b>\$377,955.00</b>
<b>TOTAL</b>	<b>\$5,112,375.52</b>	<b>\$3,364,672.00</b>	<b>\$1,747,703.52</b>

<sup>1</sup>Based on HUD's recommendation the actual 2023-24 HOME Program Income will be allocated in the 2024 Action Plan.

<sup>2</sup>HUD allows a maximum percentage of the grant for administration (CDBG 20%/HOME 10%). Set-aside is based on costs for 2 FTE.

<sup>3</sup>The reallocated funds are residual balances from completed projects.

### Committee Recommendations

On April 12, 2024, the CSAC finalized recommendations to City Council for the 2024 Action Plan. All projects and programs to be approved by HUD under the 2024 Action Plan are funded through CDBG, HOME, and program income from the use of these funds. In addition to federal funds, the City Council allocates General Fund dollars each year to provide grants for social service agencies.

The CSAC reviewed funding requests and developed recommendations during their April 12 meeting for the use of CDBG, HOME and City General Fund dollars. The detailed list of funding recommendations including project descriptions, is included in Exhibit 2. Below is a summary of total funding requests and recommendations by funding source. The amount requested and eligible for HOME funds exceeds the amount available by \$309,310.52 and will be considered unprogrammed funds. The unprogrammed funds will be allocated through a substantial amendment process required by HUD by the end of the year.

### 2024-25 Community Development Grant Program Funding Recommendations

	2024-25	Recommendations by Source		
	Recommendation	General Fund	CDBG	HOME
<b>TOTAL</b>	\$1,438,393.00	\$377,955.00	\$816,038.00	\$244,400.00
<b>CDBG FUNDS</b>	\$816,038.00		\$816,038.00	
<b>HOME FUNDS</b>	\$553,710.52			\$553,710.52
<b>GENERAL FUNDS</b>	\$377,955.00	\$377,955.00		
<b>TOTAL FUNDS</b>	\$1,747,703.52	\$377,955.00	\$816,038.00	\$553,710.52
<b>UNPROGRAMMED FUNDS</b>	\$309,310.52	\$0.00	\$0.00	\$309,310.52

**ESTIMATED SCHEDULE OF PROJECT**

***2024-2025 Action Plan Timeline***

<b>PROPOSED ACTIVITY</b>	<b>DATE</b>
Notice of Public Comment Period (Denton Record Chronical/Social Media/Email)	May 19, 2024
30-day Comment Period on Action Plan	May 20, 2024 through June 21, 2024
Public Hearing at City Council	June 18, 2024
City Council considers approval of 2024-25 Action Plan	July 23, 2024
Submission of Action Plan to HUD	August 15, 2024
City Council considers approval of 2024-25 Budget	September 24, 2024
Start of 2024-25 Grant Contracts	October 1, 2024

**FISCAL INFORMATION**

All projects and programs approved under the 2024-25 Action Plan are funded with CDBG, HOME, and program income from the use of these funds. General fund will be considered during the normal budgeting cycle by City Council for FY2024-25.

**OPTIONS:**

1. Adopt the Ordinance accepting the 2024 Action Plan as presented;
2. Recommend revisions to the 2024 Action Plan\*

\*The Action Plan must be submitted to HUD on or before August 15, 2024 deadline. Amendments to the Consolidated Plan and Action Plan can be made after adoption.

**EXHIBITS**

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Ordinance, 2024 Action Plan, Application and Certifications

Respectfully submitted:  
Dani Shaw  
Director of Community Services

Prepared by:  
Courtney Douangdara  
Deputy Director of Community Services

Luisa Garcia  
Community Development Manager