

## MEMORANDUM

**TO:** Claire Powell, City Manager

**FROM:** Chris McGinn, Director of Neighborhood & Inspection Services

**DATE:** July 15, 2024

**SUBJECT:** **Public Hearing: Consideration of a Resolution of the City Council of the City of Lewisville, Texas, To Accept an Allocation of Home Investment Partnership Program Funds and Adopt an Amendment to the City's 2022 - 2026 HUD Consolidated Plan, as Required by the U.S. Department of Housing and Urban Development.**

### **BACKGROUND**

On August 1, 2022, the City Council adopted the City's 2022 - 2026 Consolidated Plan for Housing and Community Development. The Consolidated Plan only includes planning for Community Development Block Grant (CDBG) funds as that is the only funding source the City of Lewisville receives from the United States Department of Housing and Urban Development (HUD). On April 4, 2024, HUD notified the City of Lewisville that our community may be eligible to become a HOME Program Participating Jurisdiction in FY2024. HOME funding can only be utilized on affordable housing projects while CDBG funds can be used on other projects, as well as affordable housing, such as park land acquisition or nonprofit building renovations.

### **ANALYSIS**

The allocation amount would be \$345,350 in HOME Investment Partnership Program funds. Since the planning amount exceeds \$335,000 but is less than \$500,000, our community may qualify as a HOME participating jurisdiction only if the State in which the jurisdiction is located authorizes HUD to transfer to the jurisdiction a portion of the State's HOME allocation or the State, the jurisdiction, or both, make their own resources available to make up the difference between jurisdiction's formula allocation and \$500,000 (24 CFR § 92.102(b)). On April 22, 2024, the City of Lewisville requested the Texas Department of Housing and Community Affairs (TDHCA) authorize HUD to transfer the remaining amount to the City of Lewisville to meet the threshold of \$500,000. On April 23, 2024, TDHCA approved the transfer of funds from HUD. The Consolidated Plan must be amended to accept HOME Investment Partnership Program Funds.

HOME breakdown percentages are different than CDBG.

<b>CDBG</b>		<b>HOME</b>	
Administrative Costs (Staff salary)	Max. 20%	Administrative Costs (Staff salary)	Max. 10%
Social Services (Non-Profits)	Max. 15%	Community Housing Development Organization's Set Aside	Min. 15%
Public Infrastructure	Min. 65%	Affordable Housing Projects	Min. 75%

A Community Housing Development Organization (CHDO) is a non-profit that develops and maintains affordable housing in the communities they serve. In order to qualify for designation as a CHDO, the organization must meet certain HUD requirements pertaining to their legal status, organizational structure, and capacity and experience. This 15% set aside provides funding to a CHDO to have capacity to develop affordable housing in a community.

The projects that are eligible for HOME funds are in alignment with the City's Affordable Housing Toolkit. City staff has been utilizing the Toolkit in project discussions for next year's HOME funds. This first year of funding will focus on purchasing land with existing or developing affordable middle housing, such as townhomes, on property in Lewisville. Additionally, staff will utilize the 10% Administrative costs funding for staff salary.

Annually, the City of Lewisville must submit an Annual Action Plan to HUD that lays out how CDBG and HOME funds will be utilized for the following fiscal year. This plan is due every year on August 15<sup>th</sup>.

A notice for the Consolidated Plan amendment was published on June 21, 2024, for a 30-day public comment period. There have been no public comments received to date.

**CITY STAFF'S RECOMMENDATION**

That the City Council approve the resolution accepting an allocation of Home Investment Partnership Program Funds and adopting the amendment to the City's 2022 - 2026 HUD Consolidated Plan as set forth in the caption above.