




Neighborhood Housing and Community Development

Date: April 6, 2012
To: Mayor and Council Members
From: Betsy Spencer, Director 
Subject: Update on FY 2012-13 HUD Action Plan and NHCD Participation in City Budget Process

The purpose of this memorandum is to update you on anticipated reductions in entitlement grant dollars for the Community Development Block Grant (CDBG) Program and the HOME Investment Partnership (HOME) Program for Fiscal Year 2012-13, as well as to provide an update on the local response to address these funding cuts.

As you know, the Neighborhood Housing and Community Development Office (NHCD) allocates federal and local funds for programs and activities to create and preserve affordable housing, reduce homelessness, create jobs, and support vital public services for low-and moderate-income residents.

The U.S. Department of Housing and Urban Development's (HUD) Fiscal Year 2012 budget has been enacted and allocates funding to the City of Austin for the Community Development Block Grant (CDBG) Program and the HOME Investment Partnership (HOME) Program as follows, which will impact the City of Austin's Fiscal Year 2013 budget:

Source	FY11-12	FY12-13 Estimated	Variance (\$)	Variance (%)
HOME	\$4,017,139	\$2,429,177	\$1,587,962	-39.5%
CDBG	\$6,877,946	\$6,692,838	\$185,108	-2.7%
TOTAL	\$10,895,085	\$9,122,015	\$1,773,070	-16.3%

Unfortunately, this funding will represent significant reductions to current levels of services provided by NHCD. NHCD is working closely with the Budget Office in its budget planning activities related to the Fiscal Year 2012-13 Action Plan, which is currently underway with community meetings and public hearings on the community needs assessment. NHCD will finalize recommendations related to the allocation of federal funding in the annual Action Plan, which also acts as the City of Austin's entitlement grant application. The Action Plan is due to HUD no later than August 15, 2011.

HUD's guidance regarding the Action Plan states that resources from private, state and local sources that are *reasonably expected* to be made available to address the needs in the plan. In consultation with the City Manager and Budget Director, NHCD will participate in the City's FY12-13 Budget process and will utilize the information from the Action Plan community needs assessment period to inform the City Manager's proposed budget.

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Because the final FY2012-13 City Budget is not expected to be approved by the City Council until September, unlike in prior years, NHCD will not print recommendations for FY2012-13 local funding in the annual Action Plan. Once the City budget is approved, NHCD will notify HUD of any additional funding allocated by the city that will leverage the federal investment in the Action Plan.

NHCD will work to ensure that stakeholders are aware of the additional opportunities to weigh in on the budget planning process for local funds.

Please feel free to contact me if you have any questions.

cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager
Ed Van Eenoo, Budget Officer