



# **Joint Committee Meeting Budget & Fiscal Affairs Housing and Community Affairs**

**October 7, 2021**



CITY OF HOUSTON \* HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT



# Keith W. Bynam

Interim Director

Housing and  
Community Development



# **Temika Jones (TJ)**

Assistant Director,  
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Housing and  
Community Development



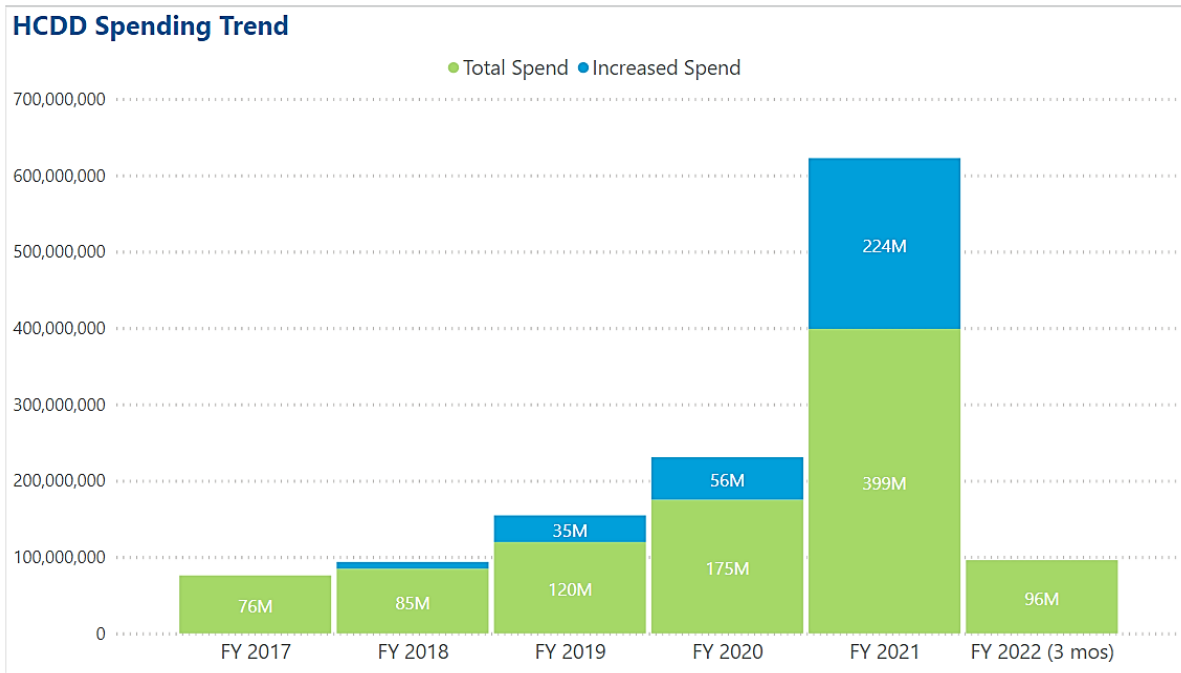
# Item III – HCD Financial Status

- A. HCDD Spending At-A-Glance
- B. FY 2021 CDBG Admin Spend
- C. TIRZ Annual Allocation and Planned Spending
- D. CDBG-DR 2017 Harvey Grant Update
  - i. Expenditures to-date
  - ii. Approvals/Reimbursements to-date
  - iii. Benchmark Progress
  - iv. Reimbursement Submission Obstacles
- E. Corrective Action Plan

**HCDD**

**Spending At-A-Glance**

# Item III.A HCD Financial Update (HCDD Spending At-A-Glance)



# Item III.A HCD Financial Update (HCDD Spending At-A-Glance)

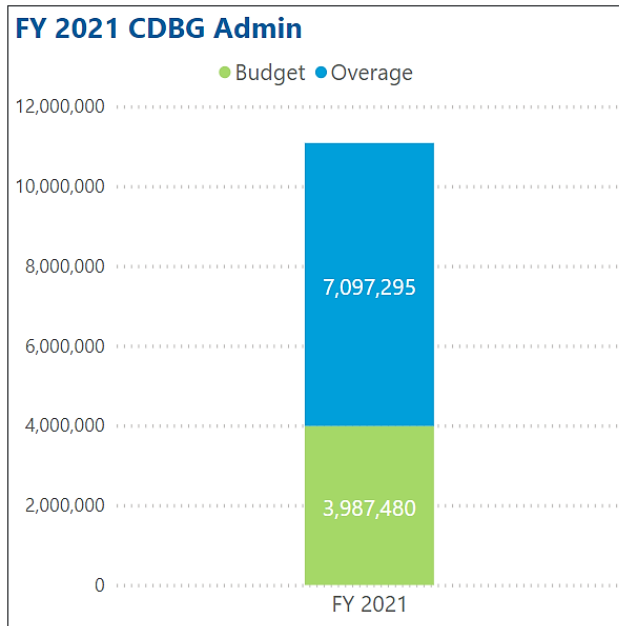
## HCDD Spending Trend

Fiscal Year	Total Spend	Increased Spend	% Increase
FY 2017	75,856,682		
FY 2018	84,744,094	8,887,412	12%
FY 2019	119,643,709	34,899,615	41%
FY 2020	175,157,624	55,513,915	46%
FY 2021	398,802,782	223,645,158	128%
FY 2022 (3 mos)	95,897,040		
<b>Total</b>	<b>950,101,931</b>	<b>322,946,100</b>	

# **CDBG Admin Spend Update**



# Item III.B HCD Financial Update (CDBG Admin Spend Update)



## FY 2021 Admin Budget

\$3,987,480

## FY 2021 Admin Actual Spend

\$ 11,084,775

# Item III.B HCD Financial Update

## (CDBG Admin Spend Update)

Fiscal Year	Budget	Overage	Total CDBG Admin Spend
FY 2017	4,210,104	5,016,496	9,226,600
FY 2018	3,750,331	6,223,290	9,973,621
FY 2019	4,216,853	6,879,656	11,096,509
FY 2020	4,923,248	5,017,739	9,940,987
FY 2021	3,987,480	7,097,295	11,084,775
<b>Total</b>	<b>21,088,015</b>	<b>30,234,476</b>	<b>51,322,491</b>

# **TIRZ Annual Allocation and Planned Spending**

# Item III.C HCD Financial Update

## (TIRZ Annual Allocation and Planned Spending)

Fiscal Year	TIRZ Appropriation Amt	Admin Amount	% TIRZ for Admin
FY 2019	17,945,801	3,585,273	20%
FY 2020	18,189,840	9,290,232	51%
FY 2021	18,464,067	4,289,242	23%
FY 2022 Estimated	12,500,000	12,500,000	100%

Former Director's FY 2022 Plan:  
Utilize entire TIRZ allocation to fund  
personnel / admin expenditures

# **CDBG-DR 2017 Harvey Grant Update**

# Item III.D HCD Financial Update (CDBG-DR 2017 Harvey Grant Update)

Program		Total Budget		Actuals As of 30-Sep-21			
		Program \$	Project Delivery \$	Program \$ Incurred	Project Delivery \$ Incurred	Total Incurred	Draws Approved &/or Paid
1	Administration	\$ -	\$ 15,000,000	\$ -	\$ 16,073,442	\$ 16,073,442	\$ 1,199,439
2	Buyout Program	\$ 54,300,000	\$ 1,500,000	\$ 16,940,377	\$ 351,511	\$ 17,291,887	\$ 6,081,167
3	Economic Development	\$ 28,448,944	\$ 1,815,890	\$ 3,069,551	\$ 527,271	\$ 3,596,821	\$ 3,260
4	Homeowner Assistance (HoAP)	\$ 73,965,788	\$ 8,218,421	\$ 39,561,760	\$ 30,557,584	\$ 70,119,344	\$ 12,475,085
5	Hombuyers Assistance (HbAP)	\$ 30,319,495	\$ 3,368,833	\$ 9,400,106	\$ 1,292,380	\$ 10,692,486	\$ 7,920,000
6	Multifamily	\$ 434,050,472	\$ 16,000,000	\$ 138,422,976	\$ 2,665,085	\$ 141,088,061	\$ 81,674,037
7	Planning	\$ -	\$ 23,100,000	\$ -	\$ 1,450,165	\$ 1,450,165	\$ 61,470
8	Public Services	\$ 56,400,000	\$ 3,600,000	\$ 10,380,364	\$ 318,777	\$ 10,699,140	\$ 7,059,456
9	Single Family Development	\$ 54,000,000	\$ 6,000,000	\$ 190,000	\$ 505,089	\$ 695,089	\$ 4,425
10	Small Rental	\$ 22,500,000	\$ 2,500,000	\$ -	\$ 350,019	\$ 350,019	\$ 4,740
<b>Total</b>		<b>\$ 753,984,699</b>	<b>\$ 81,103,144</b>	<b>\$ 217,965,133</b>	<b>\$ 54,091,323</b>	<b>\$ 272,056,456</b>	<b>\$ 116,483,080</b>

Amt attributable to salary expenditures--> \$31.5M / 58%

Administration Budget Remaining (\$ 1,073,442)

HoAP Project Delivery Budget Remaining (\$ 22,339,163)

# Item III.D HCD Financial Update (CDBG-DR 2017 Harvey Grant Update)

Benchmark Progress for December 31, 2021		
Program	Amt of Benchmark	% Met
Buyout	\$ 16,740,000	36%
Econ Dev*	\$ 4,539,725	0%
HoAP	\$ 41,092,105	30%
Homebuyers	\$ 10,106,498	78%
Multifamily	\$ 135,015,142	60%
Planning	\$ 2,310,000	3%
Public Services	\$ 10,800,000	65%
Single Family*	\$ 6,000,000	0%
Small Rental*	\$ 2,500,000	0%
<b>TOTAL</b>	<b>\$ 229,103,470</b>	
*The above programs did not have a performance benchmark for June 30, 2021. December 31, 2021 is the first performance benchmark.		

# Item III.D HCD Financial Update

## (CDBG-DR 2017 Harvey Grant Update)

CDBG-DR 2017 Snapshot		
	31-Aug-20	30-Sep-21
<b>Expenditures Incurred</b>	\$ 73,860,476	\$ 272,056,456
<b>Expenditures Submitted*</b>	\$ 30,486,740	\$ 158,068,298
<b>Expenditures Approved</b>	\$ 23,363,277	\$ 116,483,080
<b>Additional Draws Under GLO Review</b>	\$ 4,045,115	\$ 36,484,850
<b>Remaining to be Submitted to GLO</b>	\$ 43,373,736	\$ 113,988,158
<i>*Includes \$5.1M of draws on RFI hold</i>		



# Reimbursement Submission Obstacles

## #1 – Duplication of Benefit (DOB) Gap

- DOB occurs with any funds previously received for the same recovery effort (i.e. insurance, SBA loans, FEMA).
- HCDD partnered with Harvey Home Connect (HHC) to assist HoAP applicants with funding to address potential DOB gaps. The City received funds from nonprofits using HHC. The GLO has indicated that the funding provided via HHC increases the DOB gap for each applicant. As a result, the HCDD must reduce each reimbursement request by the original DOB amount and the assistance provided via HHC.

# Reimbursement Submission Obstacles

## #2 – Temporary Relocation Assistance (TRA)

- HCDD partnered with Baker Ripley to provide TRA to HoAP applicants with no other available resources during the rehabilitation/reconstruction of their homes. This includes moving, storage, and rent assistance.
- The GLO placed a TRA cap of \$6k per applicant. HCDD averages \$8K - 10k per applicant and requested a higher cap per applicant.
- GLO denied the request and indicated the City will not be reimbursed for the difference.
- GLO is reviewing HCDD's TRA process and sample documentation to determine the packaging for reimbursement.

# Reimbursement Submission Obstacles

## #3 – HoAP Amended Contracts

- HCDD had each homeowner sign a contract to construct or rehab the damaged home.
- During the construction process as necessary changes were identified, “Change Orders” were given to homeowners to sign and approve. These change orders should have been used to modify the original contract and record the mutually agreed changes to the contract.

# Summary of Potential Financial Impact Estimates

Item	Approximate Financial Impact
FY 2021 CDBG Admin Overage	\$7.1M
CDBG-DR 2017 Admin Overage*	\$1M +
CDBG-DR 2017 HoAP Project Delivery Overage*	\$22M +
Reimbursement Obstacle #1 – DOB Gaps	\$200k
Reimbursement Obstacle #2 – TRA	\$1.4M
Reimbursement Obstacle #3 – Amended Contracts	\$3.6M
Vendor invoiced, but not yet paid	\$11M
<b>Total</b>	<b>\$46.3M +</b>
<i>*Overage will increase due to expenditures throughout the grant life (August 2024) through grant close-out.</i>	

NOTE: Additional financial implications are possible as Corrective Action Plans are executed and as HCDD teams continue to work through program files ensuring completeness and accuracy of the information documented.

# Corrective Action Plan

# Item III.E HCD Financial Update

## (Corrective Action Plan)

- ❑ Reduce future Admin spending and forecast Admin dollars needed to execute programs
- ❑ Restructure HCDD and reporting lines to Other City Departments in consultation with Central HR
- ❑ Re-evaluate all staffing decisions approved by former Director
- ❑ Align future expenditures with program spending

# Item III.E HCD Financial Update

## (Corrective Action Plan)

- ❑ Implement strike teams to focus on GLO submissions
- ❑ Timely submission of draw requests to GLO (w/in 90 business days)
- ❑ Continue operating successful programs ( such as Multifamily, Public Services, ERAP)
- ❑ Ensure new CDBG-DR 2017 programs implemented successfully (Econ Dev, Small Rental, Single Family)

# Conclusion & Closing Remarks



**Keith W. Bynam**

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# Comments & Questions





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