

## COUNCIL ACTION FORM

**SUBJECT: PROPOSED AMENDMENT TO 2011-12 ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

### **BACKGROUND:**

Currently, for the 2011-12 Program year, the projects listed in **Attachment 1** were submitted and approved by the Department of Housing and Urban Development (HUD) and are ready for implementation. Additionally, due to the August 2010 flood event, the City became eligible to apply for grant money under the federal Hazard Mitigation Grant Program (HMGP). This program is administered by the Iowa Homeland Security & Emergency Management Agency (IHSEMA).

Under HMGP, the City sought to apply for grant funds to support a property acquisition or "Flood Buyout" project. The HMGP program requires a 15% local match, and the City was notified that CDBG funds would qualify for this match. Therefore, the Council set aside approximately \$500,000 of the 2010-11 CDBG allocation to be used as possible matching dollars for implementation of the flood buyout program.

Unfortunately, the designated properties did not meet FEMA's funding threshold for HMGP funding. Therefore, the City withdrew its application, which consequently means that the \$500,000 of CDBG funding that was set aside needs to be reallocated into other programs/projects.

**Attachment 2** shows the original program budget for 2011-12, as well as the **proposed amended budget** for the 2011-12 Annual Action Plan program activities. The activities being recommended are the **same** as in the original action plan, but have **revised** funding amounts. These activities directly focus on the City Council goal of **strengthening our neighborhoods**.

Staff's rationale for not proposing new projects to replace the Flood Buy-out Program is as follows:

- The proposed projects are consistent with the City's goals and priorities to focus on neighborhood sustainability by improving both the housing stock and the infrastructure in low- and moderate-income vital core neighborhoods.
- The proposed projects reduce the downtime that would result from starting new programs that can affect the City's ability to meet HUD's timely expenditure requirements.
- The number of projects for FY 2011-12 reflects the workload capacity of the current full-time staff due to the reduction in the number of FTE staff assigned to the Housing Division.

All of the proposed activities would be of 100% benefit to low- and moderate-income persons and/or neighborhoods *except* for the Slum and Blight Activity (Dangerous Building Removal Program).

**If the City Council is in agreement with the proposed amended 2011-12 Action Plan Projects, the next steps would be to solicit input from citizens on these projects, and then to bring any public comments back to City Council at its September 13 meeting for finalization of projects to be included in the amended 2011-12 Action Plan.**

**ALTERNATIVES:**

1. The City Council can direct staff to solicit public input on the attached proposed amended 2011-12 Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.
2. The City Council can approve, with modifications, the proposed amended 2011-12 Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.
3. The City Council can refer this item back to staff for further information.

**MANAGER'S RECOMMENDED ACTION:**

The programs being recommended (Home Improvement Rehabilitation, Homebuyer Assistance, Neighborhood Infrastructure Improvements, and Slum and Blight) focus on the City Council's goal of strengthening our neighborhoods and are consistent with the priorities of the City's 2009-14 Consolidated Plan.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby directing staff to solicit public input on the proposed amendment to the 2011-12 Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.

## ATTACHMENT 1

### APPROVED 2011-12 ANNUAL ACTION PLAN PROGRAM ACTIVITIES

| Project Activities   | Program Description   | Priority Goal | CDBG National Objective        |
|--|---|---------------|--------------------------------|
| <p>The <b>Neighborhood Sustainability Program</b> is comprised of the following subcomponent programs:</p> <ol style="list-style-type: none"> <li>1. <b>Home Improvement Rehabilitation Program</b> (Exterior Maintenance and Emergency Repair Assistance)</li> <li>2. <b>Homebuyer Assistance</b></li> <li>3. <b>Slum and Blight Program</b></li> </ol> | <p>The overall goal of the Neighborhood Sustainability program is to increase the availability of housing to low and moderate-income families and to maintain and sustain decent, safe, and sanitary housing stock in existing neighborhoods by providing <u>home repair grants</u> for owner-occupied housing units, and <u>down payment and closing cost assistance</u> to first-time homebuyers, and demolish deteriorated properties.</p> | 1,2           | Low- & Moderate-Income Benefit |
| <p>The <b>Public Improvement Program</b> is comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> <li>• <b>Neighborhood Infrastructure Improvements</b> (curb, street resurfacing, sidewalks, etc.) in targeted low- and moderate-income census tracts</li> </ul>   | <p>The overall goal of the Public Improvement Program is to preserve and enhance <b>the viability and aesthetics of our core existing neighborhoods by maintaining the public infrastructure.</b></p>   | 3             | Low- & Moderate-Income Benefit |
| <p><b>Flood Buy-Out Program</b></p>  | <p>The goal under this program is to acquire and demolish both residential and commercial properties that were damaged or destroyed as part of the August 2010 flooding event.</p>  | --            | Urgent Need                    |

## ATTACHMENT 2

| <b>Submitted 2011-12 Action Plan Expenditure Budget:</b>                   |                    |
|--|--------------------|
| <u>Programs</u>  | <u>Budget</u>      |
| Neighborhood Sustainability Program (Slum and Blight-Dangerous Building)   | 100,000            |
| Neighborhood Housing Improvement Program (including City-owned properties) | 132,870            |
| Homebuyer Assistance Program   | 100,000            |
| Neighborhood Infrastructure Improvements Program                           | 309,214            |
| Flood Buy-Out Program  | 500,000            |
| 2011-12 Program Administration   | <u>89,804</u>      |
| <b>Total</b>   | <b>\$1,231,888</b> |
| <b>Current 2011-12 Action Plan Revenue Budget:</b>                         |                    |
| 2011-12 CDBG Allocation  | 449,018            |
| 2010-11 Anticipated Program Rollover                                       | 675,000            |
| 2011-12 Anticipated Program Income   | 107,870            |
| <b>Total 2011-12</b>   | <b>\$1,231,888</b> |

| <b>PROPOSED AMENDED 2011-12 Action Plan Expenditure Budget:</b>                           |                    |
|---|--------------------|
| <u>Programs</u>   | <u>Budget</u>      |
| Neighborhood Sustainability Program (Slum and Blight)<br>Dangerous Buildings Program      | 135,000*           |
| Neighborhood Housing Improvement Program (including City-owned properties)                | 451,762*           |
| Homebuyer Assistance Program  | 100,000            |
| Neighborhood Infrastructure Improvements Program  | 406,297            |
| Flood Buy-Out Program   | 0.00               |
| 2011-12 Program Administration (20% of 11-12 Allocation + 20% Anticipated Program Income) | <u>110,648</u>     |
| <b>Total</b>  | <b>\$1,203,707</b> |
| <b>AMENDED 2011-12 Action Plan Revenue Budget:</b>  |                    |
| 2011-12 CDBG Allocation   | 449,018            |
| 2010-11 Anticipated Program Rollover  | 650,466            |
| 2011-12 Anticipated Program Income  | 107,870            |
| <b>Total 2011-12</b>  | <b>\$1,203,707</b> |

\*Includes \$100,466 of Service Delivery expenses for Program Administration (inspectors, legal fees and documents, contracted staff assistance)