

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING ON SUBMITTAL OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 2014-2018 CONSOLIDATED PLAN AND 2014-2015 ANNUAL ACTION PLAN

BACKGROUND:

One major requirement in receiving Community Development Block Grant (CDBG) funds is for the City to submit a five-year Consolidated Plan to the federal Department of Housing and Urban Development (HUD). The Consolidated Plan is the planning document (Comprehensive Housing Affordability Strategy, or CHAS) for the jurisdiction. This plan requires detailed background information on the community, derived both from census data and other comprehensive studies performed by the community. The Plan must identify, over a five-year period, the goals and priorities to address the housing and community development needs of both low and moderate-income persons and non-low and moderate-income persons. It must also contain an Annual Action Plan that outlines program activities that will be undertaken to address or meet those goals and priorities. The Annual Action Plan can address one or all of the goals and priorities of the identified housing and community development needs.

The City of Ames will complete the administration of its second five-year Consolidated Plan on June 30, 2014. CDBG regulations require that the City submit an updated five-year plan for the period from July 1, 2014 through June 30, 2018, along with an Annual Plan for the fiscal year period of July 1, 2014 through June 30, 2015.

The regulations require that the Consolidated Plan and the Annual Action Plan be submitted for HUD's approval within 45 days before the beginning of the program fiscal year, which is May 17, 2014. However, the City requested and received a time extension to submit both plans on or before August 15, 2014. Additionally, the regulations also require that the proposed Plan be published for 30 days to allow for citizen review of the proposed Consolidated Plan and Annual Action Plan project(s) for the utilization of the funds. That occurred from July 8 to August 7, 2014.

On March 25, 2014, the City Council approved the proposed 2014-18 Consolidated Plan priorities and on May 14, the Council approved the proposed 2014-15 Action Plan projects. Both Plans were made available for public comment (See Summaries 1 & 2).

Additionally, the City received notification that its 2014 CDBG allocation for 2014 will be \$488,278. This is a \$20,893 decrease from the 2013-14 allocation of \$509,171. This amount, along with a 2013-14 anticipated roll-over balance of \$450,000 and approximately \$381,251 of anticipated program income, will provide approximately **\$1,319,528 for both program administration and project implementation.**

Based on past timeliness ratios, approximately \$300,000 plus the \$381,251 of program income (a total of \$681,251) will need to be spent by April 25, 2015 in order to meet the May 2, 2015 timeliness test. HUD's approval of the City's proposed 2014-15 project activities is expected by October 2014, which leaves seven to eight months to accomplish the projects.

After taking into consideration the public forum suggestions and the data sources identified above, the proposed recommendations for the five year goals and the 2014-15 action plan projects are outlined the attached Executive Summary (see attachment).

The rationale for recommending a continuation of these programs is as follows:

- The proposed project activities are consistent with the 2014-18 Adopted Consolidated Plan goals and priorities which cite the **“lack of available, decent rental units in affordable price ranges”** and **“cost of housing”** for both renters and home buyers.
- The proposed project activities are consistent with the needs outlined in the Comprehensive Housing Affordability Strategy (CHAS), American Community Survey (ACS) and Analysis to Impediments Study (AIS) data for the City of Ames.
- The proposed implementation sequence for the project activities should help the meet HUD's timely expenditure requirements.
- Funds have been included to contract for additional staff to accomplish the proposed project activities in FY 2014-15.
- All of the activities proposed would be of 100% benefit to low- and moderate-income persons.
- This implementation sequence will provide time for staff to explore the feasibility and eligibility of the other project activities suggested at the May 12th forum. This strategy will also allow staff to determine the capacity and sustainability of agencies desiring to utilize CDBG funding, as well as to explore ways to leverage other federal, state, and/or local dollars (including through the ASSET process). It will allow time to develop programs for partnerships and incentives for property owners and developers to address the affordable housing stock shortage.

The entire 2014-18 Consolidated Plan and 2014-15 Annual Action Plan documents are available on the City's web page at: www.cityofames.org/housing

The public comment period ended on August 7, 2014, and the next step is to conduct the public hearing at this Tuesday's City Council meeting. The deadline to submit the

plan to HUD is August 15, 2014. Failure to have the plan submitted to HUD by this date will result in the City not being eligible to receive its 2014-15 funding allocation.

ALTERNATIVES:

1. The City Council can approve the 2014-2018 five-year Consolidated Plan and the 2014-15 Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.
2. The City Council can modify, and then approve, the 2014-2018 five-year Consolidated Plan and the 2014-2015 Annual Action Plan Program projects.

MANAGER'S RECOMMENDED ACTION:

CDBG funds bring the City a unique opportunity to continue to use federal funding to address local community development priorities. In order to qualify for receipt of these funds over the next fiscal year and the next upcoming 5-year planning period, both of these documents must be approved. Significant public input was received regarding the goals, priorities and programs as outlined in the Executive Summary will help accomplish both of these purposes.

Staff recommends that the following implementation sequence be utilized: Acquisition/Reuse Program, Operations & Repair, Housing Improvement Rehabilitation, Homebuyer Assistance, Deposit and First Month's Rent Assistance, and Public Facilities Improvements.

It should be reiterated that each newly created program or process would involve a significant amount of staff time to design and administer in a short timeframe. Unfortunately, the timeframe to implement projects for the 2014-15 program year will be substantially reduced from 12 months to 7-8 months. The City's required timeliness test by HUD will still occur on May 2nd, which means the approximately \$681,251 will need to be expended by April 25, 2015. Staff, therefore, must concentrate its initial efforts on activities that can be accomplished in the shortened program year.

The project activities being recommended are consistent with the public forum suggestions, the data sources identified above, and the goals and priorities adopted in the City's 2014-18 Consolidated Plan. The recommended implementation sequence will allow time to determine the feasibility and eligibility of the newly suggested project activities, to leverage public and private partnerships, and to identify other funding sources.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the 2014-2018 five-year Consolidated Plan and the 2014-2015 Annual Action Plan Program projects, and authorizing submittal of these plans to HUD by August 15, 2014.



2014

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2018

**COMMUNITY DEVELOPMENT BLOCK
GRANT (CDBG)**

**FIVE- YEAR CONSOLIDATED
PLAN**

**FOR HOUSING AND COMMUNITY
DEVELOPMENT**

CITY OF AMES
PLANNING AND HOUSING
DEPARTMENT 515 CLARK
AVE, ROOM 214
AMES, IA 50010
515-239-5400
515-239-5699-FAX
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This proposed document is available for review only. No final determination concerning programs or funding has been made.

Executive Summary

ES-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The process for development of the Plan included identifying priority needs, establishing goals to address the needs, and then identifying projects to achieve the goals. Priority needs were determined through analysis of data and an extensive public involvement process.

The goals set forth in this Strategic Plan are in keeping with the overall mission of HUD's Community Planning and Development (CPD) Programs: Community Development Block Grants (CDBG). The statutes for these programs set three primary goals for the benefit of low-, very low- and extremely low-income persons: Provide Decent Housing, Provide a Suitable Living Environment, and Create and/or Expanded Economic Opportunities.

The Ames Promise/ Vision

Ames, Iowa, is a forward-thinking community. As a city, we are committed to fostering creativity and innovation at the forefront of the world's important issues that the Midwest is uniquely positioned to address, including agriculture, veterinary medicine, sustainability, development, diversity, education, and health care.

For those who want the charms and convenience of a small town with the opportunities and amenities that come from a major university, Ames's position as an intelligent, progressive community creates a city and a region where everyone has opportunities to discover and thrive.

Ames, Iowa, is the Smart Choice!

With this Promise/Vision in mind, the City of Ames has a long standing history of having as one of its primary missions to identify, address, and implement solutions and programs that serve the needs of the elderly, disabled, homeless, extremely low-income, low-income, and moderate-income, and families in its community. In identifying the needs, the City of Ames has continued to conduct and/or partner in commissioning reports and studies to collect data to assist in determining the needs and the actions that should be taken to address those needs.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

As part of the 2014-18 Consolidated Planning process, the City of Ames's strategies toward serving the needs of homeless, extremely low-income, low-income, and moderate-income families and households are to continue to seek public input; to continue to invest resources both physical and financial; and to continue to implement programs that will address the community's priority needs. With community participation, the following Priority Goal Objectives and Outcomes were derived:

1. Goal: Utilize and leverage CDBG Funds for Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: To create, expand and maintain Affordable Housing for Homeless and Low-income persons

Outcomes:

- i. Increase the supply of affordable rental housing
- ii. Improve the quality of affordable rental housing
- iii. Increase the availability of affordable owner-occupied housing
- iv. Maintain the supply of affordable owner-occupied housing
- v. Provide temporary rental assistance
- vi. Increase the supply of mixed-use development
- vii. Expand and maintain the supply of emergency shelter and transitional housing

A2. Objective: To maintain the Community Development Services of the Community

Outcomes:

- i. Continue provision of the Public Service Needs for homeless, special populations, and low income households (utilities, rent, deposits, childcare, transportation, employment training, substance abuse, health services, legal services, other public service needs) and reduce duplication of services.
- ii. Continue provision of Public Facilities Needs for homeless, special populations and low income households (senior centers, homeless facilities, child care centers, mental health facilities, neighborhood facilities, and other public facilities needs).
- iii. Continue provision of Public Infrastructure Needs in low-income census tracts (water, street, sidewalk improvements).

2. Goal: Utilize and leverage CDBG Funds for NON Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: Address Housing Needs in Non-Low and Moderate Income Census Tracts

Outcomes:

- i. Integrate affordable and market rate residential developments
- ii. Remove blight and deteriorated housing to reuse into new housing
- iii. Support and address code enforcement of deteriorated housing
- iv. Remove blight and deteriorated housing in flood plain and other hazardous areas.

Based on the above Objectives, with public participation, the following Outcomes were derived:

1	Project Name	Acquisition/Reuse for Affordable Housing: a. Purchase of Vacant In-Fill Lots for Development b. Purchase of Foreclosure Properties for Rehabilitation
	Goals Supported	To create, expand, and maintain Affordable Housing for Homeless and Low-income persons.
	Needs Addressed	<ul style="list-style-type: none"> • Increase the supply of affordable rental housing • Improve the quality of affordable rental housing • Increase the availability of affordable owner-occupied housing • Maintain the supply of affordable owner-occupied housing
	Funding	CDBG-\$360,747
	Description	Under the implementation of the Acquisition/Reuse for Affordable Housing, which will consist of the purchase of in-fill lots (vacant or with properties needing to be demolished), the purchase of foreclosure properties for rehabilitation, or the purchase single-family or multi-family units that can be rehabilitated components, it is anticipated that 2-4 properties will be acquired for reuse in the either affordable rental or owner-occupied units for households at 80% or less of the Story County median income limits.
2	Project Name	Operation & Repairs for Foreclosed Properties
	Goals Supported	To create, expand, and maintain Affordable Housing for Homeless and Low-income persons.
	Needs Addressed	<ul style="list-style-type: none"> • Increase the supply of affordable rental housing • Improve the quality of affordable rental housing • Increase the availability of affordable owner-occupied housing • Maintain the supply of affordable owner-occupied housing
	Funding	CDBG-\$79,509
	Description	Provide repair assistance when purchasing foreclosed properties to sell to first-time homebuyers or to a non-profit housing organization for homeownership or rental.

3	Project Name	Housing Improvement Rehabilitation Programs: a. Single-family Homeowners b. Rental Property Owners
	Goals Supported	To create, expand, and maintain Affordable Housing for Homeless and Low-income persons.
	Needs Addressed	<ul style="list-style-type: none"> • Increase the supply of affordable rental housing • Improve the quality of affordable rental housing • Increase the availability of affordable owner-occupied housing • Maintain the supply of affordable owner-occupied housing • Provide Temporary Rental Assistance
	Funding	CDBG-\$335,000
	Description	The Housing Improvement Program objective will be to provide financial assistance to qualified low- and moderate-income single-family homeowners at or below 80% of the area median income limits to improve the physical condition of their single-family homes in residentially-zoned areas. The overall goal is to allow single-family homeowners to reside in decent, safe, and sanitary housing that will enhance neighborhood sustainability. Additionally, the assistance will be provided to Rental Property Owners to repair deteriorated rental units and make them available to households at 50% or less of the AMI. The overall goal is to assist low-income households gain access to decent, safe, and affordable rental units, while maintaining our rental housing stock.
4	Project Name	Homebuyer Assistance for First-time Homebuyers
	Goals Supported	To create, expand, and maintain Affordable Housing for Homeless and Low-income persons.
	Needs Addressed	<ul style="list-style-type: none"> • Increase the availability of affordable owner-occupied housing • Maintain the supply of affordable owner-occupied housing
	Funding	CDBG-\$78,000
	Description	The objective under this program is to provide financial assistance to qualified low- and moderate-income first-time homebuyers, with incomes at or below 80% of the AMI limits, to purchase existing and/or newly constructed single-family housing in residentially-zoned areas. The overall goal of the Homebuyer Assistance Program is to allow low- and moderate-income households to gain access to housing and/or improve their housing status.

5	Project Name	Renter Affordability Programs a. Deposit & 1 st Month's Rent b. Transportation or Assistance
	Goals Supported	To maintain the Community Development Services of the Community
	Needs Addressed	Continue provision of the Public Service Needs for homeless, special populations, and low income households (utilities, rent, deposits, childcare, transportation, employment training, substance abuse, health services, legal services, and other public service needs) and reduce duplication of services.
	Funding	CDBG-\$88,489
	Description	The Renter Affordability Program Component objective is to provide assistance to low-income households, which are at or below 50% or less of the Story County median income limits, gain access to rental housing units that will improve their housing status, and help them to secure economic stability in order to obtain and/or remain in affordable housing units. The activities that will be implemented will be a Security Deposit, First Month's Rent, and Transportation Assistance.
6	Project Name	Public Facilities Improvement Program
	Goals Supported	To maintain the Community Development Services of the Community
	Needs Addressed	<ul style="list-style-type: none"> Continue provision of Public Facilities Needs for homeless, special populations, and low-income households (senior centers, homeless facilities, child care centers, mental health facilities, neighborhood facilities, and other public facilities needs).
	Funding	CDBG-\$203,877
	Description	Provide assistance to non-profits to repair or expand their facilities.

The rationale for determining the above priority objectives and outcomes are as follows:

- The proposed project activities are consistent with the 2014-18 Adopted Consolidated Plan goals and address the following two barriers that were outlined in the 2013 Impediments to Fair Housing Analysis Study 1) the “lack of available, decent rental units in affordable price ranges” and 2) the “cost of housing” for both renters and home buyers.
- The proposed project activities are consistent with the needs outlined in the Comprehensive Housing Affordability Strategy (CHAS) Data, American Community Survey (ACS) and Analysis to Impediments to Fair Housing Study (ASI) data for the City of Ames.
- The proposed implementation sequence for the project activities should help the meet HUD’s timely expenditure requirements.
- Funds have been included to contract for additional staff to accomplish the proposed project activities in FY 2014-15.
- All of the activities proposed would be of 100% benefit to low- and moderate-income persons.

Additionally, these objectives and outcomes will provided the most positive impacts on addressing the needs of homeless, extremely low-, low- and moderate-income households in the community and will be the area of focus anticipated for the Annual Action Plans over the next five (5) years in utilizing CDBG, and other local and/or state funds to address these objectives and outcomes. As the City of Ames approaches its third 5-year Consolidated Plan period, we have been very successful in implementing the program activities over the last ten years, which has led to having exceeded the 70% low- and moderate-income benefit expenditure threshold required by HUD.

Therefore, we are confident that the development of this Five-Year Strategic Plan document for the City of Ames is a comprehensive, unified, cohesive vision of the strengths, gaps, and challenges of the needs of the community. It will serve as a tool to coordinate housing, community and economic development activities for the next five years, starting July 1, 2014, through June 30, 2018.

3. *Evaluation of past performance*

The preparation of the 2014-18 Consolidated Plan will begin the City’s third 5-year period as an Entitlement Community. Based on reviews and monitoring by the HUD Area Field Office of the City’s performance over the last ten years, the City has been very successful in not only meeting the regulatory and statutory requirement of the CBDG programs, but also more specifically the timely expenditures of funds within the required time period.

Through the administration of the various housing, public service, public infrastructure, and public facility activities implemented, the City has achieved a 100% cumulative benefit to

low- and moderate-income persons for each of the three 5–year periods, which exceeds the regulatory standard of 70%. Additionally, as a result of a monitoring review by HUD, the City had no findings or concerns. This was noted to be extremely rare.

4. Summary of citizen participation process and consultation process

The City of Ames has a *Citizen Participation Plan* that details the public involvement process. The Plan is available at www.cityofames.org/housing. Public participation is an on-going process, not only in preparation of the Consolidated or Action Plans but as an on-going part of the City of Ames’s commitment to solicit community involvement and participation.

Prior to the required public hearings, the public is encouraged to participate in public forums each year to be educated about the program and to give input on the activities being proposed to address the needs of the community. Human service agencies, neighborhood associations, non-profit housing providers, Section 8 participants, faith-based organizations, and other community groups and businesses receive direct mailings inviting them to attend these public forums. This is in addition to ads in the area free newspaper, press releases, Facebook postings, and Twitter announcements.

For the preparation of the 2014-18 Consolidated Plan and Action Plan process, newly elected City Council members wanted to be more involved in the early stages of the process to become more educated about the program and have a more hands-on involvement with citizens. This process involved conducting public forums that consisted of an overview of the CDBG Program, the format of the Consolidated and Action Plan, and the history of the City’s use of the funds. From there small breakout groups were formed, in which the City Council members facilitated the discussions with citizen participants about the program, needs, concerns, and future use of the funds. From there, the small groups were then reconvened into a large group and each group shared their project ideas for consideration. This format was utilized for both the Consolidated and Action Plans. Over 30 citizens from non-profit organizations, neighborhood associations, faith-based organizations, students, county, and other area organizations attend the sessions.

In conjunction with preparing for the 5-year Consolidated Plan process, the staff in preparing the an update to its Impediments to Fair Housing Study, conducted five community listening sessions, lead by Iowa State Iowa State University Community Development - Data Information and Analysis Laboratory (CD-DIAL) and Institute for Design Research and Outreach (IDRO) to gain input on the barriers impacting the community. Additionally, surveys were conducted with both housing producers/providers and housing consumers. The four groups of respondents were a) housing producers/providers, b) renters, c) homeowners, and d) subsidized housing renters.

5. Summary of public comments

The 30-day public comment period will begin on Tuesday, July 8, 2014, and will end on Thursday, August 7, 2014. Results will be reported after this timeframe.

6. Summary of comments or views not accepted and the reasons for not accepting them

To be completed

7. Summary

Below is a summary of the **major areas** addressed in the Strategic Plan for the City of Ames based on the data from the 2006-2012 American Community Survey (ACS) data, the Comprehensive Housing Affordability Strategy (CHAS) data supplied by HUD, intensive public input, 2013 Impediments to Fair Housing Analysis Study, area human service agencies, ASSET, City Departments, the State of Iowa, and other market analyses and influences.

Geographic Priorities

The City of Ames will focus its CDBG resources from a city-wide approach. The majority of the determined benefit will be based on individual income eligibility; low- and moderate-income limited clientele benefit, and low- and moderate-area benefit, (based on census tracts containing concentrations of 51% or more low- to moderate-income persons, as established by HUD).

Priority Needs

The City of Ames has identified affordable housing, community development, homelessness, and public service as priority needs to address over the next five years. High priorities for fiscal year 2014-15 include the development of affordable housing for renters and homeowners, the maintenance of affordable housing for homeowners and renters, public services, and public facility improvements for non-profit organizations.

Influence of Market Conditions

The high cost and lack of available housing units and land are the biggest influence of market conditions for the city of Ames.

Anticipated Resources

The City of Ames anticipates the following financial resources for Fiscal Year 2014-15:

14-15 CDBG Allocation	\$ 488,278
13-14 Anticipated Program Rollover	450,000
14-15 Anticipated Program Income	<u>381,251</u>
Total 2014-15	\$1,319,529

2015-2018 CDBG Allocations \$ 1,953,112*

*Anticipate receiving \$488, 278 over the remaining 4 years of the Consolidated Plan period.

In addition to the objectives, outcomes, and barriers addressed throughout this Strategic Plan, one additional area that should be noted is that there exists a continual reduction in funding at both the federal (CDBG, HOME, etc.) state, and local levels. The City's initial CDBG allocation in 2004-05 was \$589,000. The City's allocation for 2014-15 is \$488,478. While the City's population has increased by 19.5%, and the number of households has increased by 26%, from 2000 to 2012, the City's current CDBG allocation is over \$100,000 less than it was 10 years ago. Therefore, in order to have to greater impact on the needs of the homeless, chronic homeless, extremely low-, very low- and low- and moderate-income households must be accomplished with a community wide effort: HUD programs cannot do it all.