

COUNCIL ACTION FORM

SUBJECT: 2017-18 PROPOSED ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM PUBLIC FORUM FOLLOW-UP

BACKGROUND:

On January 30 and 31, City staff hosted public forums to gather input regarding possible projects for consideration for the 2017-2018 CDBG Annual Action Plan as part the City's CDBG Program. A total of seven persons attended and participated in the forum discussions, including representatives from Habitat for Humanity of Central Iowa, ACCESS, YSS, and a representative from the Ames Tribune.

Staff also participated in an interview with KASI Radio to share information about the Action Plan Process and update regarding the CDBG programs addressing affordable housing needs.

The forum attendees participated in a group activity that involved the following activities:

- Review of the adopted 2014-18 Strategic Plan Goals and Priorities, for both low and moderate income, as well as for non-low- and moderate-income households.
- Review the current 2016-17 Action Plan Projects and budget.

The participants were then asked if the goals and priorities of the Strategic Plan were consistent with the project activities goals adopted in the 2016-17 Annual Action Plan.

After reviewing the anticipated program budget for program year 2017-18, participants were asked to select which program activities should continue for 2017-18. Additionally, the participants were advised that since we are entering into the fourth year of the five-year Consolidated Plan, major program suggestions or changes would not be recommended and should be considered for the upcoming 2018-2024 Consolidated Plan update.

The overall feedback centered around the continual need of affordable housing for low-income households in the areas of rental, shelters, transitional, and homeownership units and around the continuation of public services, such as Security Deposit, First Month's Rent, and Transportation Assistance. Attachment B reflects the participants' feedback and/or comments.

Looking ahead to next year, staff has assumed, for budgeting purposes, the City will receive the same amount of funding as last year. HUD has advised staff to assume this amount, although there has been no notification of the actual funding planning for next year.

The upcoming annual allocation is assumed to be \$490,986. Staff has budgeted the allotted maximum of 20% of the funding for administration of the program, which leaves approximately \$392,789 available for programming in addition to any anticipated rollover of unspent funds and program income. Staff is cautiously anticipating a rollover balance of approximately \$392,789, and program income of \$36,000 which would provide approximately \$821,578 of “program” funds (not including administration) to be available for the 2017-18 program year. Approximately \$98,197 would be set aside for program administration.

Anticipated/Proposed 2017-18 CDBG Program Revenue Resources

17-18 CDBG Allocation**	\$ 490,986
16-17 Anticipated Program Rollover	\$ 392,789
17-18 Anticipated Program Income	\$ 36,000
Total 2017-18	\$919,775

****Assumed same as 2016-17 Allocation**

Taking all of the above information under consideration (including public feedback) and prior discussions with the City Council regarding 321 State Avenue, staff is recommending the following proposed projects and budget for the 2017-18 Annual Action Plan.

Proposed 2017-18 Action Plan Projects

1 st Time Homebuyer Assistance Program	\$ 150,000
Public Infrastructure Improvements Program in relation to 321 State Avenue. (Old Middle School Site)	\$550,000
Renter Affordability (Deposits, 1 st Month's Rent & Transportation, Assistance) Programs	\$45,000
SF Housing Improvement Programs	\$60,000
Disposition of Properties	\$16,578
Total Programming	\$821,578
2017-18 Program Administration	\$ 98,197
Grand Total	\$919,775

Staff's rationale for recommending project activities for 2017-18 is as follows:

- The project activities are consistent with the recently adopted 2014-18 Five-Year Consolidated Plan goals that 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.** Additionally, the data outlined in the Comprehensive Housing Affordability Strategy (CHAS), and the American Community Survey (ACS) information for the City of Ames is consistent with the two needs outlined above. The activities are also consistent with the recently adopted NRSA.
- The proposed projects are consistent with the **City Council's goals and priorities to focus on neighborhood sustainability by improving and expanding the housing stock for low- and moderate-income households.**
- The proposed implementation sequence for the project activities should help meet HUD's timely expenditure requirements.
- All of the activities proposed would be of 100% benefit to low- and moderate-income persons.
- Disposition of properties is a HUD-mandated category related to ongoing costs associated with property ownership, such as property taxes and maintenance.

Staff is recommending that the anticipated budget of \$821,578 be allocated to the project activities outlined above. The need to improve and expand the supply of affordable housing for low and moderate income households is best accomplished through the implementation of the Homebuyer Assistance Program, the Housing Improvement Programs and the Renter Affordability Programs.

Notably outside of the proposed programs is the disposition of the 6th Street property purchased with CDBG funds in the summer of 2014. Based upon the direction on how to proceed with development of 321 State Avenue and difficulty in partnering on the development of the site on its own with affordable housing, staff has begun to explore with HUD the likely resale of the property and its effect on the former property acquisition program. The resale of the property could generate additional funds to support other programs identified in the new Action Plan. If City Council agrees to sell the property at a future date, the funding that remains after applying HUD regulations for recapture of costs will then be allocated to the programs in the plan.

ALTERNATIVES:

1. The City Council can approve the proposed 2017-18 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above.
2. The City Council can approve the proposed 2017-18 Annual Action Plan

Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, with modifications.

3. The City Council can refer this item back to staff with further direction.

MANAGER'S RECOMMENDED ACTION:

Although there was not a high level of participation in the Public Forums, those who attended were satisfied with the current program activities as continuing in the right direction to address the needs identified in the 5-Year Consolidated Plan. The proposed budget also focuses most of our resources on the development of affordable housing at 321 State Avenue, which is the main priority of the City.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed 2017-18 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above.

This alternative will also authorize staff to prepare the Action Plan document for the required 30-day public comment period and set May 9, 2017, as the date for the public hearing for the submittal of the 2017-18 Annual Action Plan to HUD on or before May 17, 2017.

Attachment B

2017 Public Forums Participant Comments/Feedback January 30 and 31, 2017

1. Continue the following Programs
 - Deposit Assistance
 - Transportation Vouchers
 - Rehab/Single-Family
 - 321 State Public Improvements for Affordable Housing
 - Disposition of Properties and Maintenance
 - 1st Time Homebuyer Assistance Program

2. Consider adding back:
 - Public Facilities Improvements Program for Non-profits

3. Discontinue:
 - Childcare Assistance Program