

COUNCIL ACTION FORM

SUBJECT: 2021-22 PROPOSED ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME PROGRAMS

BACKGROUND:

As part of the City's approved 2019-23 Five-Year Community Development Block Grant (CDBG) and HOME Consolidated Plan, the City must submit an Annual Action Plan that outlines the proposed activities and budget for the activities planned to be implemented during the upcoming year. The activities should be consistent with the goals and priorities identified in the Consolidated Plan. The goals and priorities that the City identified in its 2019-23 Consolidated Plan are outlined in Attachment 1 along with the housing barriers that were identified 2019 Fair Housing Impediments Study.

The activities identified in the Annual Action Plan will address the housing and community development needs of low-and moderate-income persons as well as the housing and community development needs of non- low- and moderate-income persons in the community. The Annual Action Plan can address one or all of the goals and priorities of the housing and community development needs identified in the Consolidated Plan.

HUD regulations require that the Annual Action Plan be submitted for approval within 45 days before the beginning of the program fiscal year (i.e., by May 17, 2021). **However, due to work on other CDBG and CARES projects, staff anticipates returning to Council for final approval in June 2021. This schedule will require an extension request to HUD.**

HUD has notified the City of Ames that it will be receiving the following 2021 allocations: \$590,475 in CDBG funds, which is a \$12,075 decrease, and \$350,543 in HOME funds, which is a \$118,034 decrease. Now that we have received our allocation amount, it is time to begin the process for determining the 2021-22 Annual Action Plan Projects.

In determining projects for the Action Plan, staff reviews the following HUD guidelines that outline the following key steps:

- Determine if the proposed activity is included in the listing of eligible activities.
- Determine if the proposed activity meets the City's Consolidated Plan priority goals for addressing the needs of low- and moderate-income persons within the community.
- Determine if the proposed activity can meet one or more National Objectives.
- Ensure that carrying out the activity will meet HUD's requirement that 70% of the grantee's CDBG expenditures, over a three-year period, will be on activities that benefit low- and moderate-income persons; and
- Meet the performance measurements requirements.

RECOMMENDED PROJECTS:

Staff is proposing (see Attachment 2) the following program projects for consideration for the 2021-22 Action Plan:

- 1. Utilize CDBG funds to acquire and demolish deteriorated housing city-wide; to sale or transfer these lots or houses to non-profit housing organizations to provide to low-income households for rent or purchase, with preference being targeted to the Neighborhood Revitalization Strategy Area (NRSA).**

- 2. Utilize CDBG funds to acquire and demolish deteriorated commercial property city-wide and resell the property for redevelopment. (Up to 30% of this annual allocation can be used for non-low- and moderate-income benefit directed toward removing slum and blight.)**

Staff believes that focusing on the acquisition/demolition for affordable housing program for the 2021-22 program year will continue to make an impact on the need identified in the 2019-23 Five- year Consolidated Plan and 2019 Fair Housing Impediments Study, as well as the following:

- The proposed project is consistent with the City Council's goals and priorities to focus on neighborhood sustainability by improving and expanding the housing stock for in low- and moderate-income households and in our vital core neighborhoods.
- The proposed implementation sequence for the project activity should help meet HUD's timely expenditure requirements.
- The proposed project would be of 100% benefit to low- and moderate-income persons.

Additionally, staff believes that focusing on an acquisition/demolition program to purchase deteriorated commercial properties will address an unmet need in the community.

ACTION PLAN BUDGET:

Of the \$590,475 of CDBG funds approximately \$472,380 is available for programming for 2021-22. Staff is cautiously anticipating a 2020-21 rollover balance of approximately \$400,000 and anticipated 2020-21 program income of \$100,000. Total projected Revenue of \$1,090,475 (including administration).

Of the \$350,543 of HOME funds, approximately \$297,962 (excluding-15% CHDO set aside of \$52,581) is available for administration and programming for 2021-22. Staff under this program is anticipating a rollover balance of approximately \$1,370,464 remaining from program years 2018-19, 2019-20, and 2020-21. Total projected Revenue of \$1,668,426 (including administration).

Additionally, the budget will include an anticipated rollover balance of Round 3 CARES (COVID-19) funds of approximately \$215,000 including administration.

Staff is recommending that the anticipated combined budgets of \$2,973,901 (CDBG \$1,090,475-CDBG+\$1,668,426-HOME+\$215,000-CARES) be allocated to the project activities outlined in Attachment 2. The need to expand the supply of affordable housing for low- and moderate-income households can best be accomplished through the implementation of the Homebuyer Assistance Program, New Home Construction Program, Public Infrastructure Improvements Programs and Acquisition/Reuse Program, and CARES. These program amounts represent about 100% of the total funding directly toward housing related programs.

NEXT STEPS:

As in the past, in staff first will meet with the Council to review proposed plan priorities and staff recommended projects. Following this meeting on March 23rd, staff will conduct two public forums to gained feedback regarding the proposed projects. The staff will share this feedback with the City Council and obtain approval to proceed with writing the Plan. Once the plan is written it will be published for a 30-day comment period. Finally, a public hearing will be held, and the Council will be asked to approve the 2021-22 Action Plan for submittal to HUD.

ALTERNATIVES:

1. The City Council can approve the proposed 2021-22 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above and direct staff to host public forums for citizen input and feedback.
2. The City Council can approve the proposed 2021-22 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above and host public forums for citizen input and feedback, **with modifications**.
3. The City Council can refer this item back to staff with further direction.

CITY MANAGER'S RECOMMENDED ACTION:

Now that we have received our 2021-22 CDBG/HOME allocations, it is important to start the process to select the program projects and seek public input to be prepared to submit the Action Plan on or before August 16, 2021.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed 2021-22 Annual Action Plan program projects and proposed budget in connection with the City's Community Development Block Grant Program, as outlined above and host public forums for citizen input and feedback regarding the recommended projects.

ATTACHMENT 1

2019-23 Five-Year Consolidated Plan Goal and Priorities

Utilize and leverage CDBG and HOME Funds through “private, non-profit, and public” partnerships to:

1. To create and expand affordable housing for low-income households through:
 - Increase supply of single family or two-family housing for ownership in the Neighborhood Revitalization Strategy Area (NRSA).
 - Reduce the cost burden for low-income households to access or maintain rental housing citywide
 - Increase the affordability and availability of owner housing for homebuyers citywide.

2019-20 Fair Housing Impediments Study Barriers and Needs

1. The supply of housing for lower income households for renting; and
2. The cost of housing for lower income households for both renting and home buying.

ATTACHMENT 2

Proposed 2021-22 Action Plan Expenditure Budget:	
Programs	Budget
CDBG Acquisition/Reuse Program for Affordable Housing and/or for Slum and Blight (including demolition)	\$572,380
CDBG Public Infrastructure Improvements Program for Baker Subdivision (including Engineering costs)	\$400,000
CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance	\$200,000
HOME Homeownership Construction Program	\$762,265
HOME Down Payment Assistance	\$381,382
HOME LIHTC Multi-Family Assistance	\$350,000
General Administration for CDBG, HOME & CARES	CDBG: \$118,095 HOME: \$174,779 CARES: \$15,000
Total	\$2,973,901
PROPOSED 2021-22 Action Plan Revenue Budget:	
2021-22 CDBG Allocation	\$590,475
2020-21 CDBG Program Rollover	\$400,000
2021-22 CDBG Anticipated Program Income	\$100,000
2020-21 CDBG-CV CARES	\$215,000
2021-22 HOME Allocation	\$350,543
2021-22 HOME Anticipated Program Rollover	\$1,370,464
2021-22 HOME CHDO Set Aside	-\$52,581
Grand Total CDBG & HOME	\$2,973,901