

ITEM #: 39
DATE: 03-28-23
DEPT: P&H

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF SECOND SUBSTANTIAL AMENDMENT TO COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 2021-22 ANNUAL ACTION PLAN TO INCLUDE HOME AMERICAN RESCUE PROGRAM (HOME-ARP) FUNDING

BACKGROUND:

In September 2021, the City was officially notified that it would receive \$1,269,248 of the HOME-ARP funding. This funding is a one-time grant that is in addition to the City's regular HOME funding. Congress appropriated HOME-ARP funding as part of the American Rescue Plan (ARP) Act to give qualified Participating Jurisdictions (PJs) significant new resources to address homeless assistance needs by creating various affordable housing options. In October 2021, the City signed the HOME-ARP Grant agreement with the U.S. Department of Housing and Urban Development (HUD).

With the approval of the Grant Agreement, the City is responsible for ensuring that all grant funds are used in accordance with all program requirements. HOME-ARP funds must be used for individuals or families from the following qualifying populations (QPs):

1. Homeless
2. At-risk of homelessness
3. Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking
4. Other populations where providing assistance would prevent the family's homelessness or would serve those with the greatest risk of housing instability including veterans and families their veteran families.

HOME-ARP funds can be used for the following four eligible activities:

1. Production or preservation of affordable rental housing
2. Tenant-based rental assistance (TBRA)
3. Supportive services (including homeless prevention services and housing counseling services)
4. Purchase or development of non-congregate shelters for individuals and families

experiencing homelessness.

ARP can provide up to 5 percent of the grant for the operating cost of Community Housing Development Organizations (CHDOs) and other non-profit organizations, including homeless providers. Five percent of the funds are also available to these organizations for administrative capacity building. Additionally, HOME-ARP provides up to 15 percent of the allocation for the administrative and planning cost of the participating jurisdiction (PJ) and sub-recipients administering all or a portion of the grant.

HUD has published very detailed and very restrictive program regulations and requirements. Four very specific requirements are:

1. Plans must be submitted to HUD by March 31, 2023
2. All funds must be expended by September 30, 2030, and any remaining funds will be returned to the US Treasury
3. PJs must conduct stakeholder consultations to gain feedback on the community needs for the funding
4. HUD must approve the Allocation Plan before funds are made available.

In addition to these requirements, the City will be required to amend its 2021-2022 CDBG/HOME Annual Action Plan to include all activities to be implemented. To date, the staff has participated in several HOME-ARP Webinars and contacted PJs across the country to gain knowledge and expertise in the complexities of the program requirements and processes. As part of the HOME-ARP consultation outreach process, during the months of January and February, staff sought input from the various stakeholders and the public. The outreach included in-person public forums, telephone and email communications, and online surveys.

At the City Council's January 24 meeting, staff reported the feedback received from the various groups. **In summary, the primary focus areas for the Qualifying Populations (QPs) were homeless populations and at-risk homelessness populations. The primary activities were Non-Congregate Shelter (#1), the Production and Preservation of Affordable Rental Housing (#2), and TBRA and Supportive Services (#3).**

In reviewing the housing needs data in the City's current 2019-2023 Consolidated Plan, the most current projects and programs in the 2021-2023 Annual Actions Plans, and the feedback from the City's ASSET Team for the QPs, **the need to address Homeless individuals and families, individuals and families at risk of homelessness, and individuals and families fleeing violence is a priority. Regarding eligible activities, Non-Congregate Shelter are the priority.**

Staff's rationale for proposing these QPs priorities and eligible activities is as follows:

- These activities are consistent with the goals and priorities in the City's 2019-2023 5-Year Consolidated Plan.
- The City is currently soliciting a partner developer to increase the supply of low-income multi-family units in the Baker Subdivision; therefore, the focus can be to provide Non-Congregate Shelters to include populations fleeing violence.
- The City's future regular HOME allocations can implement a TBRA for needy individuals and families at the very low and low-income levels.
- These priorities continue the investment to improve both the housing stock and the infrastructure needs in vital core neighborhoods.
- Supportive Services are receiving funding through the ASSET process; therefore, adding this activity as a priority would be a duplication of benefits.
- To meet HUD's timeline for the expenditure of the grant funds, the top focus should be brick-and-mortar activities and activities that the City has experience implementing in a timely and impactful manner.

At the January 24 meeting, City Council directed staff to prepare the proposed Second Substantial Amendment to the City's CDBG 2021-22 Annual Action Plan that will incorporate a special allocation of HOME-ARP funding in the amount of \$1,269,248, to address the following QPs: 1) Homeless individuals and families and individuals; 2) individuals and families at risk of homelessness, and 3) individuals and Persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD (QP #3 has preference). Regarding eligible activities, Non-Congregate Shelter is the priority.

Additionally, when completing the HOME-ARP template, staff indicated that members of the "Other" qualifying populations will still be able to apply for HOME-ARP funding if funds remain for future projects.

The Executive Summary of the proposed Amendment is included as Attachment A. A copy of the full plan is available at www.cityofames.org/housing under the "What's New" box.

The 15-day comment period for the proposed Amendment occurred March 7-22. Staff received one comment letter. The letter and staff's response are included as Attachment B.

ALTERNATIVES:

1. Approve the second Substantial Amendment to the City's CDBG 2021-22 CDBG/HOME Annual Action Plan that incorporates a special allocation of HOME-ARP funding in the amount of \$1,269,248:
 - a. To provide assistance to the following QPs: 1) Homeless individuals and families and individuals; 2) individuals and families at risk of homelessness, and 3) individuals and Persons fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, as defined by HUD (QP #3 has preference)
 - b. To provide funding for the acquisition, construction, and/or rehabilitation of Non-Congregate Shelters as the primary eligible activity
 - c. And approve the submittal of the Action Plan to HUD for its approval on or by March 31, 2023.
2. Approve the second Substantial Amendment to the City's CDBG 2021-22 CDBG/HOME Annual Action Plan as described in Alternative #1 **with modifications.**
3. Do not submit an amendment to the CDBG 2021-22 CDBG/HOME Annual Action Plan.

CITY MANAGER'S RECOMMENDED ACTION:

This amendment will provide for an addition funding opportunity for the City to help address the continued impact of the COVID-19 pandemic, specifically for the homeless and other vulnerable populations in our community. These funds will allow staff to consult homeless service providers, domestic violence service organizations, public housing authorities, and other organizations and agencies to determine and document the unmet need among of the qualifying populations in our area to design and implement a HOME-ARP Program expeditiously.

Staff has no recommended changes to the draft Plan and would proceed to approve it as the final Plan to submit to HUD. HOME-ARP Allocation Plans not submitted by the March 31, 2023 deadline will be subject to having their grant allocations rescinded. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

ATTACHMENT A

City of Ames HOME-ARP Allocation Plan

Participating Jurisdiction: City of Ames

Executive Summary

Background and Introduction

On March 11, 2021, the American Rescue Plan Act of 2021 was signed as Public Law 117-2, which provides emergency grants, lending, and investment to areas affected by the ongoing COVID-19 Pandemic. On April 28, 2021, the U.S. Department of Housing and Urban Development (HUD) notified the City of Ames, which is an entitlement community and Participating Jurisdiction (PJ), that it would receive \$1,269,248 in HOME-ARP funds as authorized under the American Rescue Plan in addition to the Fiscal Year (FY) 2021 HOME allocation. This plan is a supplement to the City's 2021 Annual Action Plan and outlines how the City intends to use its HOME-ARP funding.

Funded Activities

The City plans to use 15 percent, or \$190,387, of the allocation for administrative and planning costs. The majority, 85 percent—or \$1,078,861—of funds will be for the acquisition and development of non-congregate shelters. If the acquisition and development of non-congregate shelters is not requested by any non-profit organizations, the city will request to move that funding into the development of rental housing.

Populations Assisted

At least 100 percent of the HOME-ARP units will be for qualifying populations or those individuals and families who are experiencing homelessness; or are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking.

Production Goals

The City expects to create at least three (3) non-congregate units.

Summary

The HOME-ARP allocation is a welcomed infusion of funding to assist the City's most vulnerable populations. There is especially a shortage of emergency shelter units that also have supportive services attached to them. With the HOME-ARP funds, there is hope the City of Ames will come one step closer to alleviating homelessness for several residents.

ATTACHMENT B

From: LAURIS OLSON <lauris_olson@me.com>
Sent: Wednesday, March 22, 2023 3:55 PM
To: Baker-Latimer, Vanessa <vanessa.bakerlatimer@cityofames.org>
Subject: Comment on Ames' HOME-ARPA grant application

[External Email]

Good afternoon Vanessa,

Thank you again for holding a public question and answer session March 16 on the proposed draft of the City of Ames' application for \$1.2 million in supplemental HOME money made possible by funding in the American Rescue Plan Act.

This is a written summary of the feedback I provided during that session. These are my two main concerns:

I am concerned that the draft create by the city staff gives priority to funding shelter housing projects to agencies already providing shelter or services to the target populations. The Ames/Story County area already has a deficit in the amount of emergency shelter available for these populations and has had a deficit for several years. While I am aware of at least two separate plans by existing agencies to create additional emergency shelter capacity, It is my understanding that both still face organizational (staffing and collaborative) and financial shortfalls that the cannot be resolved within the parameters of this one grant.

New agencies offer new perspectives and create solutions not bound so closely to existing patterns that are no longer effective. New agencies can help create new partnerships. Should Ames receive the HOME-ARPA grant, no preference should be given to existing agencies.

Some of the examples you gave for possible projects that the grant could be used for seemed outside the parameters usually used when discussing emergency shelter and emergency housing. You told us the definition of non-congregate emergency shelter/housing was "tenants did not sign a lease" but later in the session you provided 24-month transitional housing and permanent supportive housing as two examples that the money could be used to create. The Bridge Home requires landlord/tenant leases for these two housing programs, a requirement set by the Iowa Balance of State Continuum of Care board, per my understanding. Further clarification of possible projects is needed.

Thank you for all you have done and still do every day,

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Home Allies creates affordable and attainable housing for people whose incomes and life experiences increase their risk of housing instability and homelessness.

501(c)(3) non-profit organization
EIN: 87-2045725

To donate online: [PayPal.Me/homeallies](https://www.paypal.com/US/homeallies)

To donate by check: 1705 Buchanan Dr., Ames, IA 50010

Response to Public Comment

Good Morning Lauris,

First, thank you for your participation and input at the various public forum sessions regarding this one-time HOME-ARP funding opportunity for the City of Ames. Below is my response to your two concerns:

Question: I am concerned that the draft create by the city staff gives priority to funding shelter housing projects to agencies already providing shelter or services to the target populations.

Answer: The grant does not give preference to existing agencies.

Question: Some of the examples you gave for possible projects that the grant could be used for seemed outside the parameters usually used when discussing emergency shelter and emergency housing. You told us the definition of non-congregate emergency shelter/housing was “tenants did not sign a lease” but later in the session you provided 24-month transitional housing and permanent supportive housing as two examples that the money could be used to create.

The Bridge Home requires landlord/tenant leases for these two housing programs, a requirement set by the Iowa Balance of State Continuum of Care board, per my understanding. Further clarification of possible projects is needed.

Answer: For the HOME-ARP Program, HUD defines Non-Congregate Shelter as: “A non-congregate shelter (NCS) is one or more buildings that provide private units or rooms as temporary shelter to individuals and families and does not require occupants to sign a lease or occupancy agreement.”

My examples were intended to be very broad in nature about types of programing for non-congregate units that maybe could be supported. There are many rules and requirements for these funds, and we are still processing how they can be implemented. I apologize if my examples were confusing.

Thanks So Much...Be Safe..Stay Well!

Vanessa Baker-Latimer

Housing Coordinator

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