

ITEM #: 36  
DATE: 05-09-23  
DEPT: P&H

**COUNCIL ACTION FORM**

**SUBJECT: RESOLUTION APPROVING A SUBSTANTIAL AMENDMENT TO  
2022-23 ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY  
DEVELOPMENT BLOCK GRANT PROGRAM (CDBG).**

**BACKGROUND:**

In discussions with the Public Works Department, it was discovered that an opportunity became available where CDBG funds could be used to provide public infrastructure improvements (removal of water mains and replacement of water lines (including lead services) in HUD-designated Low and Moderate Income Census Tract #10 (see attached map).

Census Tract #10 is one of the city's older core vital neighborhoods. This tract has 4-inch water mains that are aged and deteriorating, along with a high number of homes with lead services from the main to the house. There also has been a significant number of water main breaks in this tract that have caused residences to be without water, lose water pressure, and have rusty water quality.

Under this activity, CDBG funds would utilize to replace the old 4-inch mains with new 8-inch mains and installing new water service with copper piping on the northern side of the tract at N Russell Avenue. The project area would include N Russel from Lincoln Way to N. 4<sup>th</sup> Street. This project will improve water quality, reduce lead services, and increase firefighting service capacity in this tract as well as benefit a HUD-identified LMI population. This project is currently programmed in the Capital Improvement Plan for FY 2026/27 with financing from the Water Fund.

**This proposed project is an eligible activity under our CDBG program. However, in that this activity is not listed in our adopted 2022-23 Action Plan activities, it requires an amendment to our adopted Action Plan to add this activity. The estimated cost is approximately \$535,000. An amendment to the Action Plan requires a 30-day comment period for the public and a public hearing at City Council before it can be submitted as an additional activity to the Field Office.**

**In the adopted 2022-23 Action Plan, the City budgeted to implement a First-time Homebuyer Assistance Program (Down payment and Closing Cost) which would involve providing assistance to purchase homes in the Baker Subdivision and possibly city-wide homes. In that homes are currently being constructed in the Baker Subdivision, the First-time Homebuyer Assistance Program instead would be funded in the 2023-24 Annual Action Plan. Also, the budget for the Slum and Blight Activity was reduced by approximately \$33,000 to fill the gap to finance the**

**proposed water main project.** It should be noted that the proposed CDBG Public Infrastructure Improvements Program activity would still benefit the needs of low and moderate-income households and count towards our 70% HUD LMI benefit requirement.

**Attachment 1** shows the **proposed amended program budget** for 2022-23 Action Plan program activities.

Staff's rationale for adding the new water main project activity is as follows:

- The proposed project is located in a vital core neighborhood that is located in an LMI census tract where the public utilities are in very poor conditions and therefore is consistent with the goals and priorities in our 2019-23 Consolidated Plan to benefit low-income residents in the community positively.
- The activity will continue to meet the City Council's goals of strengthening our neighborhoods.
- Continues the investment of improving both the housing stock and the infrastructure needs of vital core neighborhoods.
- The proposed project would result in the City's ability to meet HUD's 2023-24 timely expenditure requirements as more lots would be sold in the Baker Subdivision and allowing for a quicker turnaround for program income expenditures.

#### **ALTERNATIVES:**

1. Direct staff to proceed with amending the 2022-23 CDBG Annual Action Plan with the proposed projects as outlined in Attachment 1 and set a date of public hearing for June 13, 2023.
2. Direct staff to proceed with amending the 2022-23 CDBG Annual Action Plan with the proposed projects as outlined in Attachment 1 in connection **with modifications.**
3. Reject the 2022-23 CDBG Annual Action Plan with the proposed projects as outlined in Attachment 1 and refer this item back to staff for further information.

#### **CITY MANAGER'S RECOMMENDED ACTION:**

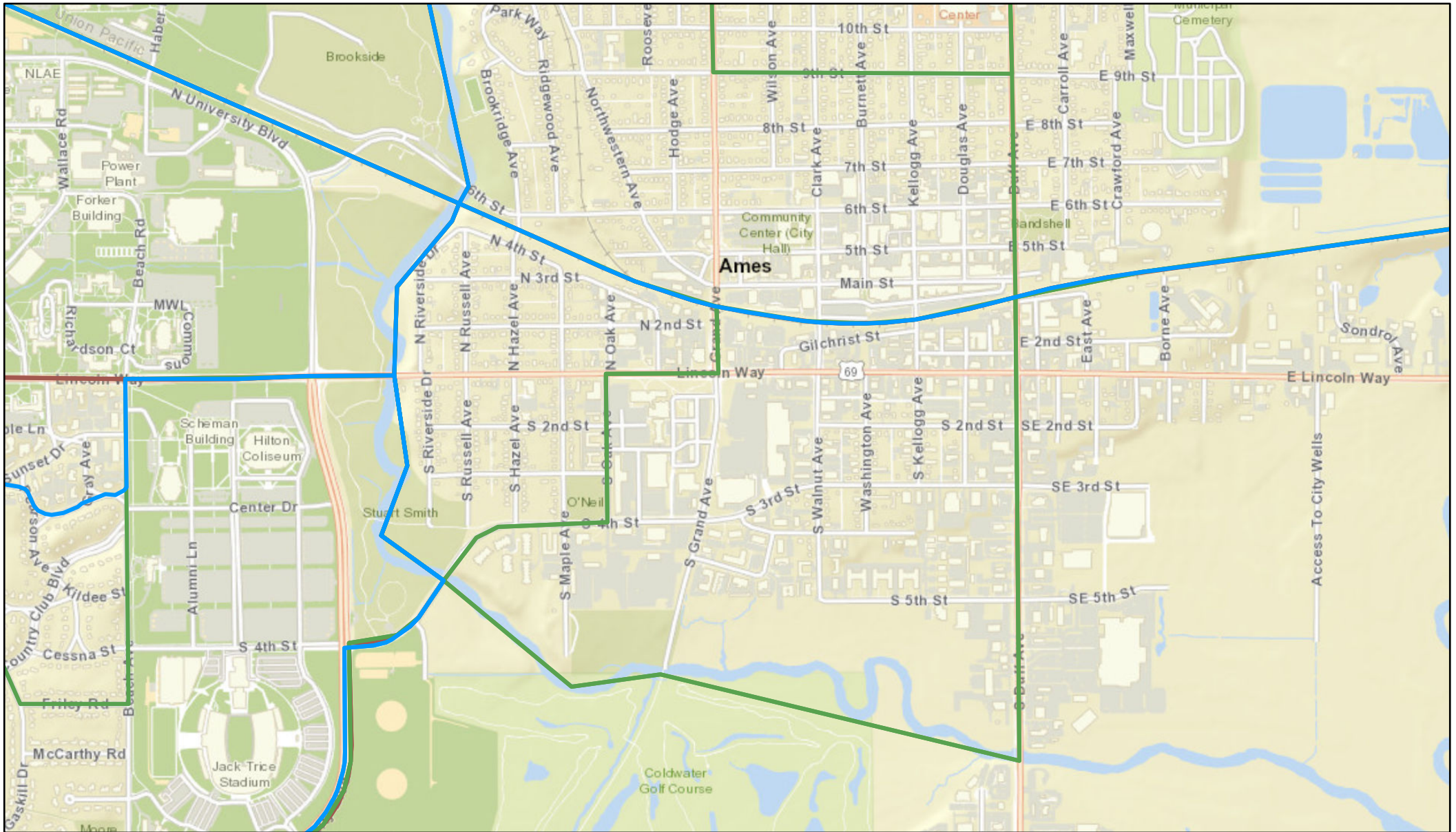
The investment of our CDBG dollars is a vitally important resource not only to increase the affordable housing needs of LMI Households in our community, but also ensure that affordable housing is located in neighborhoods where the public infrastructure is maintained in decent, safe, and sanitary condition. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1.

# ATTACHMENT 1

<b>ADOPTED 2022-23 Action Plan Expenditure Budget:</b>	
<b>Programs</b>	<b>Budget</b>
CDBG Homebuyer Assistance Program (Down payment and	\$501,999
Housing Improvement Rehabilitation Program for Single-family Homeowners	\$212,004
Infrastructure Pocket Park Improvements-Baker Subdivision	\$130,000
Acquisition/Slum and Blight Removal Program	\$262,285
CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance	\$58,282
CDBG-CV CARES Public Services Assistance-Mental Health (To Be Determined)	\$85,000
HOME Multi-Family LIHTC Assistance New Construction	\$1,801,000
HOME Single New Home Construction	\$82,000
General Administration for CDBG, HOME & CARES	CDBG: 113,837 HOME: \$142,752 CARES: \$10,000
<b>Total</b>	<b>\$3,399,159</b>
<b>REVISED DRAFT PROPOSED 2022-23 Action Plan Revenue Budget:</b>	
2022-23 Anticipated CDBG Allocation	\$569,187
2021-22 Anticipated CDBG Program Rollover	\$600,000*
2021-22 Anticipated CDBG Anticipated Program Income	\$50,938*
2021-22 Anticipated CDBG-CV CARES Rollover	\$153,282
2022-23 Anticipated HOME Allocation	\$405,511
2020-21 Anticipated HOME Program Rollover (Admin &	\$1,681,068
2022-23 Minus Anticipated CHDO Set Aside	- \$60,827
<b>Grand Total CDBG &amp; HOME</b>	<b>\$3,399,159</b>

<b>PROPOSED AMENDED 2022-23 Action Plan Expenditure Budget:</b>	
<b>Programs</b>	<b>Budget</b>
Public Infrastructure Improvement Program-Census Tract 10	\$535,000
Housing Improvement Rehabilitation Program for Single-family Homeowners	\$212,004
Infrastructure Pocket Park Improvements-Baker Subdivision	\$130,000
Acquisition/Slum and Blight Removal Program	\$229,284
CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance	\$58,282
CDBG-CV CARES Public Services Assistance-Mental Health (To Be Determined)	\$85,000
HOME Multi-Family LIHTC Assistance New Construction	\$1,801,000
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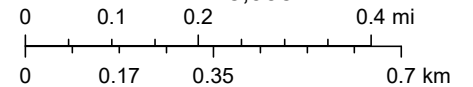
# CPD Maps - LMI Census Tract 10-Ames, Iowa



May 5, 2023

- Override 1
- Low Mod Blockgroup
- Qualified Census Tracts
- Census Tract

1:18,938



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community