

ITEM #: 46  
DATE: 06-27-23  
DEPT: P&H

**COUNCIL ACTION FORM**

**SUBJECT: PUBLIC HEARING FOR SUBSTANTIAL AMENDMENT TO 2022-23 CDBG/HOME ANNUAL ACTION PLAN**

**BACKGROUND:**

At the May 9, 2023 meeting, the City Council directed staff to prepare a substantial amendment to the 2022-23 CDBG/HOME Annual Action Plan. The amendment would reallocate funds (\$535,000) to implement a Public Infrastructure Improvement project to remove deteriorated water lines (including lead services) and install new water lines in HUD-designated Low- and Moderate-Income Census Tract #10 (see attached map).

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

Under this activity, CDBG funds would be used to replace the old 4-inch mains with new 8-inch mains, and new copper water services would be installed on the northern side of the tract at N Russell Avenue. The project area would include Lincoln Way to N. 4<sup>th</sup> Street. The project will improve water quality, reduce lead services, and increase firefighting service capacity; all for the benefit of a HUD-identified LMI population. **This project is currently outlined in the FY 2025/26 Capital Improvement Plan. Approving this project will accelerate the improvement to FY 2023/24 for completion.**

**This proposed project is an eligible activity under the City's CDBG program. However, since this activity is not listed in the adopted 2022-23 Action Plan activities, it requires an amendment to the adopted Action Plan.** 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. **The 30-day comment was held from May 24, 2023 to June 22, 2023. No comments were received during this period.**

The funds for this infrastructure improvement would be made available from adjustments to the First-time Homebuyer Assistance Program and the Slum and Blight Activity. The adopted 2022-23 Action Plan contains \$501,999 to implement a First-time Homebuyer Assistance Program (for downpayments and closing costs), which would provide assistance to purchase homes in the Baker Subdivision and possibly elsewhere in Ames. Since homes are currently being constructed in the Baker Subdivision, the First-time Homebuyer Assistance Program would be funded under the 2023-24 Annual Action Plan instead. The budget for the Slum and Blight Activity would be reduced by approximately

**\$33,000. Attachment 1 shows the proposed amended program budget for 2022-23 Action Plan program activities.**

The proposed CDBG Public Infrastructure Improvements Program activity would still benefit the needs of low and moderate-income households and count towards the City's 70% HUD benefit requirement. The proposed amendment accomplishes the following objectives for the City.

- The proposed project is located in a vital core neighborhood in an LMI census tract where the public utilities are in very poor condition; the project is therefore consistent with the goals and priorities in the 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. It 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, allowing for a quicker turnaround for program income expenditures.

**ALTERNATIVES:**

1. Approve submitting a substantial amendment to the 2022-23 CDBG/HOME Annual Action to reallocate funds (\$535,000) from various activities in the current Action Plan to implement a Public Infrastructure Improvement Activity to install new water mains in Census Tract 10, that would include Lincoln Way to N. 4th Street.
2. Approve the submittal of a substantial amendment with modifications directed by the City Council.
3. Do not submit a substantial amendment to the 2022-23 CDBG/HOME Annual Action Plan.

**CITY MANAGER'S RECOMMENDED ACTION:**

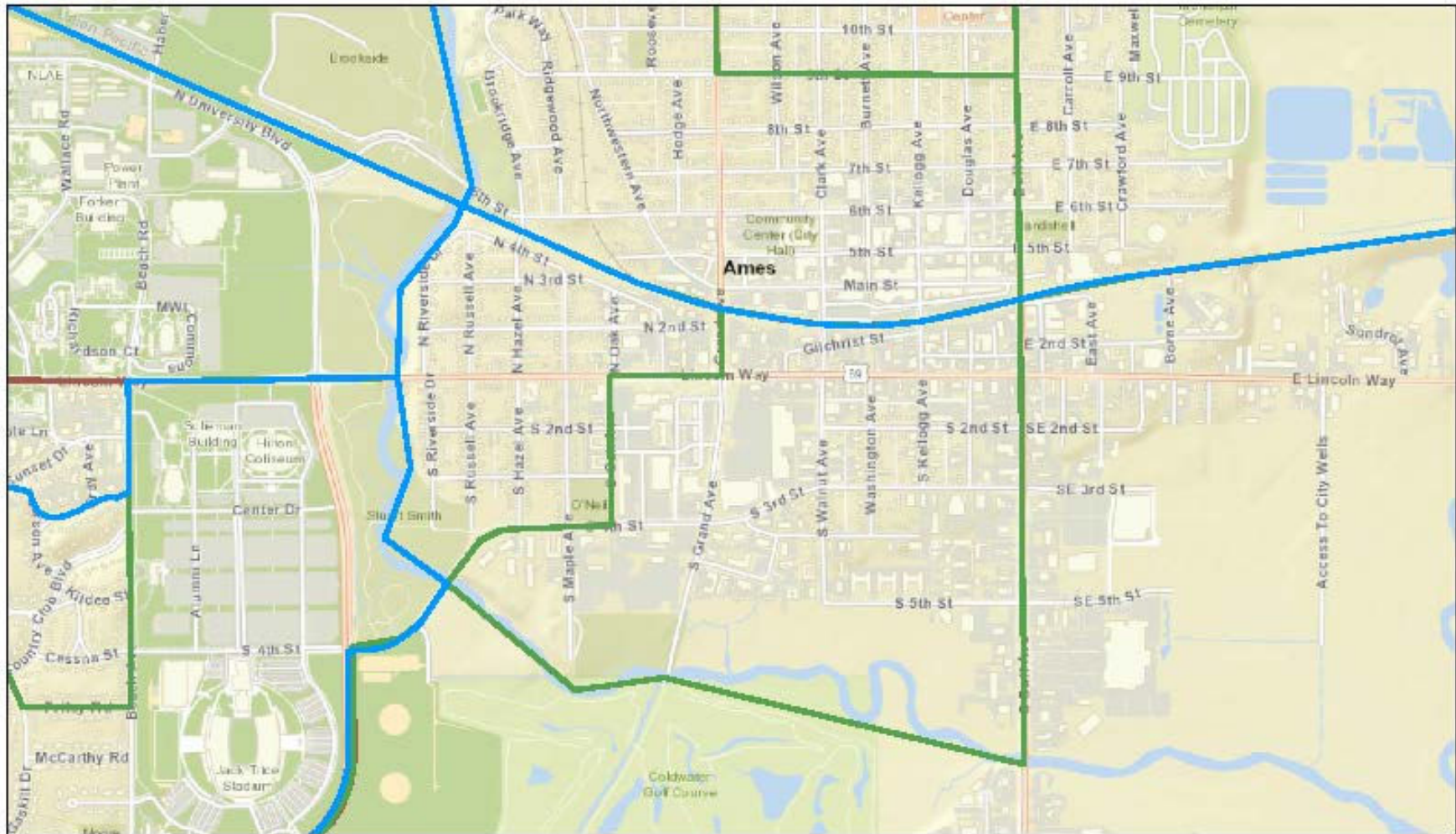
The investment of CDBG dollars is vitally important to not only increase the affordable housing options for LMI households in the community but to ensure that the affordable housing within existing neighborhoods is supported with public infrastructure maintained in a decent, safe, and sanitary condition. Using CDBG funds accelerates the ability of the City to address infrastructure for this neighborhood. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

# ATTACHMENT 1

ADOPTED 2022-23 Action Plan Expenditure Budget:	
Programs	Budget
CDBG Homebuyer Assistance Program (Down payment, etc.)	\$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>
REVISED DRAFT PROPOSED 2022-23 Action Plan Revenue Budget:	
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>

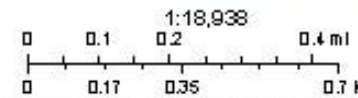
PROPOSED AMENDED 2022-23 Action Plan Expenditure Budget:	
Programs	Budget
Public Infrastructure Improvement Program-Census Tract 10	\$535,000
Housing Improvement Rehabilitation Program for Single-family Homeowners	\$212,004
Infrastructure Pocket Park Improvements-Baker Subdivision	\$130,000
Acquisition/Slum 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



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