

COUNCIL ACTION FORM

SUBJECT: REQUEST TO PURSUE 2008-09 ANNUAL ACTION PLAN PROJECT(S) IN CONNECTION WITH THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM AGREEMENT AND SETTING MAY 8, 2008, AS THE DATE OF PUBLIC HEARING

BACKGROUND:

In order to receive CDBG funds the City must submit a Consolidated Plan to HUD. The Consolidated Plan is the planning document (Comprehensive Housing Affordability Strategy - CHAS) for the jurisdiction. The Consolidated Plan requires detailed background information on the community derived from both census data and other comprehensive studies performed by the community. The Plan must identify, over a five-year period, the goals and priorities to address the housing and community development needs of low- and moderate-income persons and the housing and community development needs of non-low- and moderate-income persons in the community. Below are the goals and priorities that the City identified in its 2004-09 Consolidated Plan. The City's Consolidated Plan was submitted and approved by HUD in August 2004.

City of Ames 2004-2009
Five Year Housing and Community Development Needs
for Low- and Moderate-Income Persons

1. CDBG funds should be used for the construction (in conjunction with HOME funds)/ acquisition/rehabilitation of affordable housing and support to homeowners, homebuyers, and renters to obtain and remain in affordable housing;
2. CDBG funds should be used to support a continuum of new or expanded housing and services targeted for homeless, transitional housing clients, and persons with special needs;
3. CDBG funds should be used to increase or improve public facilities, infrastructure, and services;
4. CDBG funds should be used to expand opportunities by assisting with business development and by providing training and access to employment; and
5. CDBG funds should be used to support activities and services that meet the social, health, recreational, and educational needs of low- and moderate-income residents.

Additionally, the Consolidated Plan requires that the City must develop an Annual Action Plan that outlines the program activities that will be undertaken to address or meet those goals and priorities. The Annual Action Plan can address **one or all** of the goals and priorities of the housing and community development needs to be identified in the Consolidated Plan.

The regulations require that the Annual Action Plan be submitted for HUD's approval within 45 days before the beginning of the program fiscal year (on or before May 17, 2008). It also requires that the Plan be published for 15 days to allow for citizen input on the proposed project(s) for the utilization of the funds. In order to meet the above time frame, it is time to begin the process for determining the 2008-09 Annual Action Plan Project(s) for the City's CDBG Program.

The City has received official notification from HUD that it has been allocated \$ 479,660 in CDBG funds for fiscal year beginning July 1, 2008. This represents a \$20,505 reduction over the 2007-08 allocation. Of this amount, \$383,728 is available for programming and \$95,932 is available for administrative expenses.

Prior to proposing activities for the Annual Action Plan, staff reviewed the following HUD guidelines that outline the key steps that should be utilized:

- 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 person within the community;
- Determine if the proposed activity can meet one or more National Objective;
- Ensure that carrying out the activity will help to meet the grantee's certification (of one to three years, as determined by the grantee) that 70% of its CDBG expenditures will be for activities that benefit low- and moderate-income persons; and
- Meet the new performance measurements requirements effective October 2006.

Staff continues to work closely with HUD on identifying program activities that not only meet the above key steps, but most importantly are activities that can be successfully administered by the City of Ames from year to year. HUD has continually stressed to staff that their expectations for the City as a new entitlement is to ensure compliance with program time lines in regards to both projects completed and dollars expensed, program compliance for projects and expenditure of funds, and accurate documentation that the funds are being spent on eligible activities. The City will also be held accountable for program activities done in partnership with sub-recipients and must ensure that sub-recipients have the administrative and financial capacity and experience to carry out the required activities.

Attached is a table showing the proposed 2008-09 Annual Action Plan program activities. The table also breaks out the budget details for the proposed activities indicating that of the \$1,383,728 available for programming and administration.

The rationales for the staff recommendations are as follows:

- 1) the new activities proposed would address activities that would greatly benefit human services agencies located in the community as well as adding a new program that can benefit homeowners;
- 2) the current and recommended programs have proven to be very successful in addressing the needs of low- and moderate-income persons and/or areas in our community;

- 3) the new performance measurements require that programs implemented have measurable outcomes of beneficiaries.

Although only 38% of the funds proposed under Housing Activities is not reflective of the 51% priority set by City Council at its March 27, 2004, goal setting session, all of the activities proposed are 100% benefit to low and moderate-income persons, which is meeting the primary objective for the use of our CDBG funds, and will help us to exceed HUD's requirement that at least 70% of the aggregate funds received during our first 5 year Consolidated Plan period will be accomplished.

If City Council is in agreement with the 2008-09 proposed Action Plan Projects, the next steps would be to conduct a public forum to gain input from citizens on the proposed projects and then to prepare the Action Plan document, which is comprised of narratives in regard to our mission, needs and goals, etc. The Plan must then be published for 15 days to allow for citizen input prior to a public hearing approving the plan, which is to be submitted to HUD on or before May 17, 2008.

ALTERNATIVES:

1. The City Council can approve the attached 2008-09 proposed Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.
2. The City Council can approve, with modifications, the 2008-09 proposed Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.
3. The City Council can refer this item back to staff for further information.

MANAGER'S RECOMMENDED ACTION:

It is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve the 2008-09 Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program, as required by the Department of Housing and Urban Development. This will authorize staff to proceed with conducting a public forum, preparing the Action Plan document for the 15-day public comment period, and setting May 13, 2008, as the date of the Public Hearing.

Attachment

**City of Ames--Community Development Block Grant Program
2008-09 Proposed Action Plan Projects**

CDBG Program Budget		Amounts	
CDBG Allocation			
Administrative Cap (20%)			\$178,692
Programming Allocation (80%)			\$95,932
Anticipated 2007-08 Rollover			\$383,728
Anticipated 2007-08 Rollover Program Income***			\$734,788
CDBG Balance Programming			\$1,178,398
<p>Five Year Housing and Community Development Needs of Low and Moderate Income Persons: CDBG funds should be used for the construction (in conjunction with HOME funds)/ acquisition/rehabilitation of affordable housing and support to homeowners, homebuyers, and renters to obtain and remain in affordable housing; CDBG funds should be used for a continuum of new or expanded housing and services targeted for homeless, transitional housing clients and persons with special needs; CDBG funds should be used to increase or improve public facilities, infrastructure and services; CDBG funds should be used to expand opportunities by assisting with business development and by providing training and access to employment; CDBG funds should be used to support activities and services that meet the social, health, recreational and educational needs of low and moderate-income residents.</p>			
Program Categories	Proposed Eligible Program Activities	Amounts**	Priority Goal #
Activities Related to Public Services (15% CAP of \$71,949):	This program will continue to provide assistance to low and moderate-income persons at 50% or less of the Story County median income limits with funds for deposits for rent and utilities for units located within the City limits of Ames. For 2008-09 the program will continue with the following three subcomponent programs: Rental Deposit Assistance, Utility Deposit Assistance, Childcare Assistance and Transportation Assistance (Cy-Ride Bus Passes or Fuel Vouchers). The overall goal of the Renter Affordability Program is to allow low and moderate-income households to gain access to housing, to improve their housing status and secure a economic stability.	\$101,000	1
Housing Affordability Programs: Deposit Assistance Program for Rent and Utilities; Childcare Assistance Program; Transportation Assistance Program		\$101,000	
Program Sub-Total			
Activities Related to Public Facilities:	Under this program, CDBG funds will be utilized to assist in the acquisition of an existing facility to be converted into a Campus to house various human service agencies that provide basic human service needs that benefit a specific targeted group of persons, of which at least 51% must be low-and-moderate income.	\$600,000.00	
Human Service Campus Acquisition Program			Low & Moderate Income/Area Benefit/Limited Clientele (54%)
Curb Replacement Program	Under this program, deteriorated curbs in HUD identified low and moderate-income census where at least 51% of persons residing in those tracts have been identified as having gross annual incomes at 80% or less of the Story County median would be targeted for replacement. The overall goal of the Curb Replacement Program is to continue to invest in the sustainability of our valued existing residential neighborhoods.	\$100,000	3
Program Sub-Total		\$700,000	
Housing Activities:	The program would continue to seek to acquire, demolish/remove, and rehabilitate single-family properties and/or lots for reuse for affordable housing to assist low- and moderate-income (80% or less of AMI) families. This program, where possible, will have a more comprehensive approach at targeting single-family properties as follows: Converting single-family rental properties that are "for sale" back into single-family homeownership. Match, where possible, with eligible low-income (80%) first-time homebuyers through the Lease Purchase Program, Homebuyer Assistance Program or sale to Non-Profit Organizations. Assist in code enforcements by acquiring and demolishing abandoned or deteriorated properties and then re-sell the lots to non-profit organizations and/or for profit developers for affordable housing through the Slum & Blight Program. The overall goal of the program is to increase the availability of housing to low income families and to maintain decent, safe, and sanitary housing stock in existing neighborhoods.	\$431,466	1
Neighborhood Sustainability Programs include: Acquisition/Reuse Program (\$100,000), Housing Rehabilitation Program (\$231,466); Homebuyer Assistance Program (\$100,000)		\$431,466	Low & Moderate Income/Housing Activities (34%)
Program Sub-Total		\$869,833	
Program Administration			
Grand Total for all Programs		\$1,328,398	

2007-08 Anticipated rollover programs included the Neighborhood Sustainability-Acquisition/Reuse Program***