

ITEM # 13a+b
DATE 01/13/09

COUNCIL ACTION FORM

SUBJECT: APPROVAL OF 2009-2014 CONSOLIDATED PLAN AND 2009-2010 ANNUAL ACTION PLAN FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

BACKGROUND:

One major requirement in receiving the Community Development Block Grant (CDBG) funds is for the City to submit a five-year Consolidated Plan to the federal Department of Housing and Urban Development (HUD). The Consolidated Plan is the planning document (Comprehensive Housing Affordability Strategy, or CHAS) for the jurisdiction. This plan requires detailed background information on the community, derived both from 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 both low and moderate-income persons and non-low and moderate-income persons. It must also contain an Annual Action Plan that outlines 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 identified housing and community development needs.

The City of Ames will complete the administration of its first five-year Consolidated Plan on June 30, 2009. CDBG regulations require that the City must now submit an updated five-year plan for the period from July 1, 2009 through June 30, 2014, along with an Annual Plan for the fiscal period of July 1, 2009 through June 30, 2010.

The regulations require that the Consolidated Plan and the Annual Action Plan be submitted for HUD's approval within 45 days before the beginning of the program fiscal year, which is on or before May 17, 2009. They also require that the proposed Plan be published for 30 days to allow for citizen review of the proposed Consolidated Plan and Annual Action Plan project(s) for the utilization of the funds. In order to comply with this time frame, the City must now begin the process for adopting these two documents.

As in the past, staff will first meet with the City Council to review proposed plan priorities and projects prior to conducting forums for public input.

Attachment #1 is a table showing the City's current 2004-09 Five-Year Housing and Community Development goals and priorities for addressing the needs for low- and moderate-income persons as well as the needs of non-low and moderate-income persons in the community.

In 2004, when these goals and priorities were created, no specific priority ranking was given to any of the goals. However, when comparing them with the annual program projects implemented during the five-year Plan period, a distinct pattern has emerged (see chart). It shows that, over the current five-year plan, the City has implemented projects and expensed 100% of the funding within the first three priority areas.

To date, the City's CDBG budget has been approximately \$3,012,172, of which \$378,026 was generated from program income. Within that time, approximately \$2,065,848 has been expensed (see attachment #2).

Although the Renter Affordability programs are listed under the public service category, they are considered housing related activities. This means the total funds expensed for housing related activity programs have been \$1,324,850, or approximately 64% of the total, with 4,293 individuals/households served. This percent exceeds the 51% priority of CDBG funds to be spent on housing related activities set by City Council at its March 27, 2004, goal setting session. Additionally, the majority of the activities implemented have been of 100% benefit to low and moderate-income persons, which is meeting the primary objective for the use of our CDBG funds, and will exceed HUD's requirement that at least 70% of the aggregate funds received during our first five-year Consolidated Plan period will be accomplished.

During this first five-year Consolidated Plan period, staff has worked very closely with HUD's overall program administration as well as on identifying program activities that not only meet the National Objectives of the funds, but most importantly are activities that can be successfully administered by the City of Ames from year to year.

Unlike "State" administered CDBG Programs, entitlement cities have to meet a "regulatory" standard for timeliness expenditures of funds prior to the end of each program year. HUD continually stresses to staff that their expectations of the City, as an entitlement community, are to ensure compliance with program time lines in regards to projects completed and dollars expensed, program compliance for projects, expenditure of funds, and accurate documentation that the funds are being spent on eligible activities. The City is 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.

In reviewing the City Council's goals and objectives along with the above historical data, on attachment #3 staff is proposing the following revisions to the 2009-2014, five-year Consolidated Plan for the City Council's consideration.

Wherever feasible, all of the goals and priorities will include eco-smart initiatives, products and services to support the City Council's "Go Green" goals and objectives.

In addition to the proposed five-year Consolidated Plan goals and priorities, the City is required to propose program projects through the **Annual Action Plan** that will be undertaken to address or meet those goals and priorities. The action plan projects can

address one or all of the goals and priorities of the housing and community development needs proposed in the Consolidated Plan. They can also reflect the Council's general goals and objectives, and can recognize the impact of CDBG programs previously implemented.

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 persons within the community;
- Determine if the proposed activity can meet one or more National Objectives;
- Ensure that carrying out the activity will help 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 HUD's performance measurements requirements effective October 2006.

Although the City **has not** received notification from HUD of what its CDBG funding allocation will be for fiscal year 2009-2010, attachment #4 is a table showing the proposed 2009-10 Annual Action Plan program activities.

The Neighborhood Housing Improvement Program is a subcomponent under the Neighborhood Sustainability Program started in 2008-09 to provide financial assistance to qualified low and moderate-income single-family homeowners that are at or below 80% of the area median income limits. This program is intended to improve the physical condition of single-family homes that will allow single-family homeowners to reside in decent, safe, and sanitary housing that will enhance neighborhood sustainability. This program can be expanded to include owners of rental properties who currently rent to and/or seek to rent to persons of low and moderate-income. This concept could help address property maintenance code concerns in various neighborhoods.

The rationale for the staff recommendations are as follows:

- The proposed projects are currently being implemented and have proven to be very successful in addressing the needs of low- and moderate-income persons and/or areas in our community through the first five-year Consolidated Plan, and meet all of the expectations of the national objectives of the CDBG Program;
- The proposed projects are consistent with the City Council's goals and vision for the City of Ames; and
- The proposed projects reduce the downtime for starting new programs that can affect the City's ability to meet HUD's timely expenditure requirements.

If the City Council is in agreement with the proposed Consolidated Plan and Action Plan projects, the next steps would be to conduct a public forum to gain input from citizens on the proposed Plans, and then to prepare the Action Plan document, which is comprised of narratives in regard to our mission, needs and goals. Both plans must then be published for 30 days to allow for citizen review and input prior to a public hearing approving the plans, which is to be submitted to HUD on or before May 17, 2009.

ALTERNATIVES:

1. The City Council can approve the 2009-2014 proposed five-year Consolidated Plan and the proposed 2009-2010 Annual Action Plan Program Projects in connection with the City's Community Development Block Grant Program.
2. The City Council can modify, and then approve, the 2009-2014 proposed five-year Consolidated Plan and the proposed 2009-2010 Annual Action Plan Program projects.
3. The City Council can refer this item back to staff for further information.

MANAGER'S RECOMMENDED ACTION:

These CDBG funds bring the City a unique opportunity to use federal funding to address local community development priorities. In order to qualify for receipt of these funds over the next fiscal year and the upcoming 5-year planning period, both of these documents must be approved. The attached priorities and programs will help accomplish both of these purposes.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve the 2009-2014 proposed five-year Consolidated Plan and the proposed 2009-2010 Annual Action Plan Program projects in connection with the City's Community Development Block Grant Program. Staff will then proceed with the required public forum and prepare the appropriate plan documents for the 30-day public comment period.

ATTACHMENT 1

2004-2009 COMMUNITY DEVELOPMENT GOALS AND PRIORITIES 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

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

2004-2009 COMMUNITY DEVELOPMENT GOALS AND PRIORITIES FOR NON- LOW AND MODERATE-INCOME PERSONS

1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction

ATTACHMENT 2

ANNUAL PROGRAM PROJECTS 2004-2008	Priority Goal Met	% of Low & Moderate-Income Benefited	CDBG Program Category	Amount and Percent of CDBG Funds Expensed
Renter Affordability Programs (Deposit, Transportation, Utility and Child Care Assistance)	1	100%	Public Service	\$220,884 (11%)
1) Curb Accessibility Program 2) Minor Repair Program for Non-Profits; 3) Curb Replacement Program;	2 & 3	100%	Public Facilities	\$262,154 (13%)
1) Homebuyer Assistance Program; 2) Neighborhood Sustainability Programs, (Acquisition/Reuse, Lease-Purchase, Slum and Blight	1	96%	Housing Activities	1,103,966 (53%)
General Administration				\$478,844

ATTACHMENT 3

2009-2014 COMMUNITY DEVELOPMENT GOALS AND PRIORITIES FOR LOW AND MODERATE-INCOME PERSONS

1. CDBG funds should be used to strengthen neighborhoods by implementing affordable housing programs and services through acquiring, demolishing, and rehabilitating housing units that support homeowners, homebuyers, and renters to obtain and remain in affordable housing

2. CDBG funds should be used to promote one community by implementing programs that 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 strengthen neighborhoods by implementing programs that will increase or improve public facilities, infrastructure, and services

2004-2009 COMMUNITY DEVELOPMENT GOALS AND PRIORITIES FOR NON- LOW AND MODERATE-INCOME PERSONS

1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction to the maximum limit that CDBG funds are allowed

ATTACHMENT 4

PROPOSED 2009-10 ANNUAL ACTION PLAN PROGRAM ACTIVITIES

Project Activity Descriptions	Program Categories	Priority Goal	CDBG National Objective
<p>The Renter Affordability Program is comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> • Deposit Assistance • Childcare Assistance • Transportation Assistance (Cy-Ride Bus Passes or Fuel Vouchers) 	<p>The overall goal of the Renter Affordability Programs is to provide assistance to low-and moderate-income households at 50% or less (80% or less for Childcare only) of the Story County median income limits in order to gain access to housing, to improve their housing status and to secure economic stability for up to 3 months.</p>	<p>1</p>	<p>Low- & Moderate-Income Benefit</p>
<p>The Neighborhood Sustainability Program is comprised of the following subcomponent programs:</p> <ol style="list-style-type: none"> 1. Acquisition/Reuse 2. Slum & Blight 3. Housing Improvement Program 4. Homebuyer Assistance 5. Housing Improvement Program (added in the 08-09 program year) 	<p>The overall goal of the Neighborhood Sustainability programs is to increase the availability of housing to low income families and to maintain and sustain decent, safe, and sanitary housing stock in existing neighborhoods. The programs would continue to seek to acquire and rehabilitate single-family properties, or to demolish/remove properties for lots to be reused 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:</p> <ol style="list-style-type: none"> 1. Converting single-family rentals or non-rentals properties in existing neighborhoods that are "for sale" back into single-family homeownership. 2. Matching, where possible, with eligible low-income (80%) first-time homebuyers through the Homebuyer Assistance 	<p>1</p>	<p>Low- & Moderate-Income Benefit</p>

	<p>Program and/or sale to Non-Profit Organizations.</p> <p>Assisting in code enforcements by acquiring and demolishing abandoned, deteriorated properties and then re-selling the lots to non-profit organizations and/or for profit developers for affordable housing or the removal and demolition of deteriorated properties in floodplains or other environmentally unsafe areas through the Slum and Blight Program.</p> <p>3. Acquiring vacant lots and re-selling them to non-profit organizations and/or for profit developers for affordable housing.</p> <p>4. Providing downpayment and closing cost assistance to first-time homebuyers to purchase homes available on the open market. If possible, efforts will be made to target low-income census tracts.</p>		
<p>The Public Facilities Improvement Programs are comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> • Minor Repair for Non-profits • Infrastructure improvements (curb, streets, sidewalks, etc.) in targeted low- and moderate-income census tracts 	<p>The overall goal of the Public Facilities Improvement Programs is to preserve and enhance facilities of non-profit agencies that house and/or provide service to homeless, very low and low-income residents, and to improve and enhance the viability and aesthetics of our core existing neighborhoods.</p>	<p>1</p>	<p>Low- & Moderate-Income Benefit</p>