

**COUNCIL ACTION FORM**

**SUBJECT: SUBSTANTIAL AMENDMENT TO THE CITY'S 2008-09 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN**

**BACKGROUND:**

On March 6, 2009 HUD notified the City that we had been allocated \$130,258 of Community Development Block Grant Recovery (CDBG-R) funds as part of the American Recovery and Reinvestment Act of 2009 (Recovery Act) signed into law by President Obama on February 17, 2009.

In order to receive CDBG-R funds, the City must submit a Substantial Amendment to its 2008-09 CDBG Annual Action Plan to HUD no later than June 5, 2009. The Annual Action Plan is part of the City's 2004-09 Consolidated Plan.

Some highlights of the Recovery Act are as follows:

- Since the CDBG-R funds have to be spent relatively quickly, we are encouraged to think about funding one or two projects, and not a plethora of varied projects. The Recovery Act requires that projects be done expeditiously to benefit low and moderate income persons. HUD emphasizes that "the simpler the better," and that we should provide funding to projects that are ready to go and can be completed quickly.
- The notice emphasizes prudent use of the funds; however, all regular CDBG program activities are eligible, except for those prohibited in the Recovery Act (e.g., zoos, gambling casinos, swimming pools, etc.). Due to the accountability and transparency requirements of the Recovery Act, there appears to be greater reporting requirements with the CDBG-R funds. We have been advised to make the process as simple as possible, such as advertising the public comment period on our web page in lieu of an actual meeting to receive citizen input.
- The public notice comment period has been shortened to seven days (rather than the regular 15 or 30 comment period);
- Ten percent of the allocation can be used for administrative expenses (\$13,025.80).
- Infrastructure projects are eligible, but 50% of the funds have to be obligated by June 17, 2009 (which is within 120 days after the Act was signed into law on Feb. 17th)

Staff is recommending two projects that can be implemented expeditiously to meet these Recovery Act requirements. First, the Neighborhood Infrastructure Improvement Program will provide much-needed improvements to street infrastructure in a designated, low-income census tract area. Second, the EcoSmart Housing Retro-fit Program will utilize an existing single family home and incorporate "Go Green" features as part of the property rehabilitation for resale to a low and moderate income, first-time home buyer.

Attached for your review and approval is the CDBG-R Grant Application and documents.

**ALTERNATIVES:**

1. The City Council can the Substantial Amendment to the City's 2008-09 CDBG Annual Action Plan in conjunction with the CDBG-R project proposal as attached.
2. The City Council can not approve the Substantial Amendment to the City's 2008-09 CDBG Annual Action Plan in conjunction with the CDBG-R project proposal as attached.

**MANAGER'S RECOMMENDED ACTION:**

It is critical to approve this submittal in order for our community to benefit from the awarding of these Recovery Act funds. The Neighborhood Infrastructure Improvements Program and the EcoSmart Housing Retrofit Program will meet the expediency and project eligibility requirements of the CDBG-R guidelines.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve the Substantial Amendment to the City's 2008-09 CDBG Annual Action Plan in conjunction with the CDBG-R project proposals and submittal to HUD on or before June 5, 2009.