

## COUNCIL ACTION FORM

**SUBJECT: 2011-12 ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AGREEMENT**

### **BACKGROUND:**

In order to receive federal Community Development Block Grant (CDBG) funds, the City must submit a Consolidated Plan to the 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 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. The goals and priorities that the City identified in its 2009-14 Consolidated Plan are outlined in **Attachment 1**. The City's Consolidated Plan was submitted and approved by HUD in July 2010.

The Consolidated Plan requires that the City 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 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 (i.e., on or before May 17, 2011). 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.

At this time, the City has **not** yet received notification of the amount of CDBG funds that it will be receiving for FY 2011. However, in order to meet the above time frame, it is time to begin the process for determining the 2011-12 Annual Action Plan Projects for the City's CDBG Program. As in the past, staff will meet with the Council to review proposed plan priorities and projects prior to conducting forums for public input.

Prior to proposing activities for the Annual Action Plan, staff reviews 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 meet HUD's requirement that 70% of the

grantee's CDBG expenditures, over a three-year period, will be on 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 expectation for the City as an entitlement is to ensure compliance with program time lines in regards to 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.

**Attachment 2** is a table showing the proposed 2011-12 Annual Action Plan program activities. **The three programs being recommended for next year (Home Improvement Rehabilitation, Homebuyer Assistance, and Neighborhood Infrastructure Improvements) focus on the City Council goal of strengthening our neighborhoods.**

The rationales for the staff recommendations are as follows:

- The proposed projects are consistent with the City's goals and priorities to focus on neighborhood sustainability by improving both the housing stock and the infrastructure in low- and moderate-income vital core neighborhoods.
- The proposed projects reduce the downtime for starting new programs that can affect the City's ability to meet HUD's timely expenditure requirements.
- The new performance measurements require that programs implemented have measurable outcomes of beneficiaries.
- The number of projects for FY 2011-12 have been reduced to three due to the reduction in the number of staff assigned to the Housing Division.

All of the activities proposed would be of 100% benefit to low- and moderate-income persons and/or neighborhoods.

If City Council is in agreement with the proposed 2011-12 Action Plan Projects, the next steps are 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.

Currently, for the 2010-11 Program year, the projects listed in **Attachment 3** were set to be implemented. However, due to the August 2010 flood event, Story County was one of 18 counties which were included in a July 29, 2010, Presidential Disaster Declaration for Public Assistance funding. This declaration made the City of Ames eligible to apply for grant money under the Hazard Mitigation Grant Program, or HMGP. Under this program, which is administered by the Iowa Homeland Security & Emergency Management Agency (IHSEMA), the City can apply for funds to support a property acquisition or "buyout" project.

The City Council approved staff to submit a Notice of Interest (NOI) for potential funding to the State in November 2010. The grant requires a 15% local match, and the City was notified that CDBG funds would qualify for local match. Therefore, approximately \$500,000 of the 2010-11 CDBG allocation has been set aside to be used as possible matching dollars for the implementation of the flood buyout program for flood-damaged properties. In order to set aside this amount, at this time only the **Neighborhood Public Infrastructure Improvement Program has been implemented.**

**ALTERNATIVES:**

1. The City Council can approve the attached proposed 2011-12 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 proposed 2011-12 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:**

**The three programs being recommended for next year (Home Improvement Rehabilitation, Homebuyer Assistance, and Neighborhood Infrastructure Improvements) focus on the City Council's goal of strengthening our neighborhoods and are consistent with the priorities of the City's 2009-14 Consolidated Plan.** Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed 2011-12 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 alternative will also authorize staff to proceed with conducting public forums, preparing the Action Plan document for the 15-day public comment period, and setting May 10, 2011, as the date of the Public Hearing.

## ATTACHMENT 1

<b>2009-2014 COMMUNITY DEVELOPMENT GOALS AND PRIORITIES FOR LOW- AND MODERATE-INCOME PERSONS</b>
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.

<b>2009-2014 COMMUNITY DEVELOPMENT GOALS AND PRIORITIES FOR <u>NON</u>- LOW- AND MODERATE-INCOME PERSONS</b>
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 2

### PROPOSED 2011-12 ANNUAL ACTION PLAN PROGRAM ACTIVITIES

Project Activity Descriptions	Program Categories	Priority Goal	CDBG National Objective
<p>The <b>Neighborhood Sustainability Program</b> is comprised of the following subcomponent programs:</p> <ol style="list-style-type: none"> <li>1. <b>Home Improvement Rehabilitation Program</b> for (Emergency and Non-Emergency Repair Assistance)</li> <li>2. <b>Homebuyer Assistance</b></li> </ol>	<p>The overall goal of the Neighborhood Sustainability program is to increase the availability of housing to low and moderate-income families and to maintain and sustain decent, safe, and sanitary housing stock in existing neighborhoods by providing home repair grants for owner-occupied housing units, and down payment and closing cost assistance to first-time homebuyers.</p>	1,2	Low- & Moderate-Income Benefit
<p>The <b>Public Improvement Program</b> is comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> <li>• <b>Neighborhood Infrastructure Improvements</b> (curb, street resurfacing,, sidewalks, etc.) in targeted low- and moderate-income census tracts</li> </ul>	<p>The overall goal of the Public Improvement Program is to preserve, and enhance <b>the viability and aesthetics of our core exisiting neighborhoods by maintaining the public infrastructure.</b></p>	3	Low- & Moderate-Income Benefit

## ATTACHMENT 3

### 2010-11 CURRENT ANNUAL ACTION PLAN PROGRAM ACTIVITIES

Project Activity Descriptions	Program Categories	Priority Goal	CDBG National Objective
<p>The <b>Renter Affordability Program</b> is comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> <li>• Deposit Assistance</li> <li>• Utility Bill Assistance</li> <li>• Transportation Assistance (Cy-Ride Bus Passes or Fuel Vouchers)</li> </ul>	<p>The overall goal of the Renter Affordability Program is to provide assistance to low-and moderate-income households at 50% or less 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 three months.</p>	1,2	Low- & Moderate-Income Benefit
<p>The <b>Neighborhood Sustainability Program</b> is comprised of the following subcomponent programs:</p> <ol style="list-style-type: none"> <li>3. Acquisition/Reuse</li> <li>4. Slum &amp; Blight</li> <li>5. Housing Improvement Programs: Emergency and Non-Emergency Repair Assistance</li> <li>6. Homebuyer Assistance</li> </ol>	<p>The overall goal of the Neighborhood Sustainability program 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 program 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"> <li>1. Converting single-family rentals or non-rental properties in existing neighborhoods that are “for sale” back into single-family homeownership.</li> <li>2. Matching, where possible, with eligible low-income</li> </ol>	1,2	Low- & Moderate-Income Benefit

	<p>(80%) first-time homebuyers through the Homebuyer Assistance Program and/or sale to Non-Profit Organizations.</p> <ol style="list-style-type: none"> <li>3. Assisting in code enforcement 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.</li> <li>4. Acquiring vacant lots and re-selling them to non-profit organizations and/or for-profit developers for affordable housing.</li> <li>5. Providing downpayment and closing cost assistance to first-time homebuyers to purchase homes available on the open market.</li> </ol>		
<p>The <b>Public Facilities Improvement Programs</b> are comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> <li>• Neighborhood Infrastructure improvements (curb, streets, sidewalks, etc.) in targeted low- and moderate-income census tracts</li> <li>• Minor Repair for Non-profits</li> </ul>	<p>The overall goal of the Public Facilities Improvement Program is to preserve and enhance facilities to <b>improve and enhance the viability and aesthetics of our core existing neighborhoods and of non-profit agencies that house and/or provide service to homeless, very low-, and low-income residents.</b></p>	3	Low- & Moderate-Income Benefit