

COUNCIL ACTION FORM

**SUBJECT: 2011-12 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) ANNUAL ACTION PLAN**

**BACKGROUND:**

In order to receive federal 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 or Comprehensive Housing Affordability Strategy for Ames. The Consolidated Plan requires detailed background information on the community derived both from census data and from other comprehensive studies. The Plan must identify, over a five-year period, the City's goals and priorities to address the housing and community development needs of low- and moderate-income persons, as well as of **non-** low- and moderate-income persons in the community.

The Consolidated Plan also 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.

Federal regulations require that the Annual Action Plan be submitted to HUD for approval 45 days before the beginning of the program fiscal year, which is by May 17, 2011. The proposed plan was made available for a 15-day public comment period between April 22 and May 6 to allow for citizen input on the proposed projects.

On April 25, 2011, the City received notification from HUD that **preliminary estimates** indicate that the City will receive approximately \$445,361 in Community Development Block Grant funds for the fiscal year beginning July 1, 2011. This represents a \$89,000 **decrease** in comparison to the 2010-11 allocation. Of this amount, \$356,288 is available for programming and \$89,073 is available to pay for administrative costs.

In addition to the \$445,361 of newly allocated funding, it is anticipated that there will be approximately \$675,000 in rollover funds from 2010-11, along with approximately \$107,870 of anticipated program income in 2011-12, for a total budget of \$1,228,231. Of this amount, approximately \$982,585 is available for programming.

At the January 25, 2011, City Council meeting, Council approved the following programs to be implemented next year: **Home Improvement Rehabilitation, Homebuyer Assistance, Neighborhood Infrastructure Improvements.** These are three out of four subcomponents under the "Neighborhood Sustainability Program which was designed to incorporate all the eligible CDBG housing related activities under one umbrella title. This grouping also gives flexibility when needing to make program adjustments during the year.

On February 15, 16, and 17, 2011, staff hosted public forums to inform the public about the overall CDBG Program and to solicit their input regarding the proposed 2011-12 Program activities. A total of seventeen citizens attended the sessions, representing nine (9) human service/non-profit organizations, five (5) Section 8 Participants, one (1) citizen, and two (2) Religious Organizations. One e-mail was also received from a neighborhood association representative. No comments were received during the comment period.

At the April 19, 2011, City Council meeting, discussion took place regarding the possible use of CDBG funds to assist with the demolition of dangerous buildings through the Slum and Blight subcomponent. This component is being reactivated to accomplish this much needed neighborhood activity.

A summary description of each program is outlined in **Attachment A**. The proposed 2011-12 Annual Action Plan program revenues and expenditures are outlined in **Attachment B**. The funding proposed for the Housing Activities under the Neighborhood Sustainability Program represents 74% of the funding available for program activities. However, only 30% of the Housing activities proposed would count as directly benefiting low- and moderate-income persons. One of the primary requirements for the use of CDBG funds is that **at least 70% of the aggregated funds received during a set three year period (2010-2012) must be expended on programs that directly benefit low- and moderate-income persons**. Therefore, it becomes imperative during this upcoming fiscal year (2011-12) that a minimum of 70% of the funds be spent on programs that directly benefit low- and moderate-income households. This includes the Home Improvement, Public Infrastructure, and Homebuyer Assistance types of activities.

A link to the proposed 2011-12 Annual Action Plan is available on the front page of the City's web site at <http://www.cityofames.org/>.

### **ALTERNATIVES:**

1. The City Council can approve submittal of the 2011-12 CDBG Annual Action Plan with the projects presented above.
2. The City Council can approve submittal of the 2011-12 CDBG Annual Action Plan with modifications.

### **MANAGER'S RECOMMENDED ACTION:**

The proposed program of activities specifically **focuses on the City Council goal of strengthening our neighborhoods**. Public support for these programs has been received from community members who chose to comment.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, approving submittal of the City's 2011-12 CDBG Annual Action Plan with the projects presented above.

## ATTACHMENT A

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

Project Activity Descriptions	Program Categories
<p>The <b>Neighborhood Sustainability Program</b> is comprised of the following subcomponent programs:</p> <ol style="list-style-type: none"><li><b>1. Home Improvement Rehabilitation Program</b> (for Emergency and Non-Emergency Repair Assistance)</li><li><b>2. Homebuyer Assistance</b></li><li><b>3. Slum and Blight Removal:</b><ol style="list-style-type: none"><li>a) Flood Buy-Out</li><li>b) Dangerous Buildings</li></ol></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 1) home repair grants for owner-occupied housing units, 2) providing down payment and closing cost assistance to first-time homebuyers, 3) assisting with acquisition and demolition of properties that sustained damages as part of a Flood Buy-out Program and assisting code enforcement by demolishing deteriorated properties in floodplains or other dangerous and unsafe areas through the Slum and Blight Program.</p>
<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 existing neighborhoods by maintaining the public infrastructure.</b></p>

## ATTACHMENT B

### PROPOSED 2011-12 ANNUAL ACTION PLAN REVENUES AND EXPENDITURES BUDGET

<b>Proposed 2011-12 Action Plan Expenditure Budget</b>	<b>Programs</b>	<b>Budget</b>
	Neighborhood Sustainability Program (Slum & Blight)	\$ 100,000
	Neighborhood Housing Improvement Program	\$ 139,158
	Homebuyer Assistance Program	\$ 100,000
	Neighborhood Infrastructure Improvements Program	\$ 300,000
	Flood Buy-out Assistance Program	\$ 500,000
	2011-12 Program Administration	\$ 89,073
	<b>Total</b>	<b>\$1,228,231</b>
<b>Proposed 2011-12 Action Plan Revenue Budget</b>		
	2011-12 CDBG Allocation	\$ 445,361
	2010-11 Anticipated Program Rollover	\$ 675,000
	2011-12 Anticipated Program Income	\$ 107,870
	<b>Total 2011-12</b>	<b>\$ 1,228,231</b>