

COUNCIL ACTION FORM

SUBJECT: REALLOCATION OF THE 2012-13 ANNUAL ACTION PLAN PROJECTS AND BUDGET IN CONNECTION WITH THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

BACKGROUND:

At the May 8, 2012, City Council meeting, the City Council approved the submittal of the 2012-13 Action Plan Projects and budget to HUD and received approval in July (see Attachment 1).

As part of the ongoing budget review and update, our 2011-12 rollover balance ended up being approximately \$20,000 less than anticipated in the Action Plan (\$600,000 to \$579,000) as outlined below:

Revised 2012-13 Action Plan Revenue Budget:

Programs	Current Budget	Adjusted Budget
2012-13 CDBG Allocation	\$511,276	\$511,276
2011-12 Anticipated Program Rollover	\$600,000	\$579,130
2012-13 Anticipated Program Income	\$54,870	\$54,870
Total	\$1,166,146	\$1,145,276

Because the rollover amount is lower than the projected revenue, we need to adjust our budget to reflect the amount indicated in the HUD IDIS system.

Also, our 2012-13 Neighborhood Public Infrastructure Program project on Aplin & Beedle was completed under budget (including change orders) the projected cost was \$378,896, the finally cost will be around \$352,000 (\$26,000 under budget). The drop in rollover versus the gain in project savings is a net gain of \$6,000.

Staff, in reviewing possible adjustments to the expenditure budget to match the revenue budget, also reviewed the status of the Single-Family Conversion (SFC) program and the Dangerous Buildings program (which were two projects approved for the 2012-13 year).

In regards to the SFC Program, there were two failed attempts to solicit participation from property owners this past year. Feedback from property owners were that they had a greater need to rehabilitate and maintain the units as rentals, rather than to sell them. In reviewing the Dangerous Buildings Program, staff is recommending at this time that due to the vacant Building Official position, the Dangerous Building's

Program can be put on hold and that the funding for the remainder of this year could be reallocated.

In order to adjust the expenditures to match revenue and in light of the status of the two stagnate programs, staff is proposing that the following adjustments be made for the remainder of this program year:

- a. Approximately \$80,000 be reallocated to re-open the **Renter Affordability Program**. Under this program staff would implement the **Deposit and First month's rental Assistance Program** to families issued Vouchers and want to reside within the City limits of Ames. In targeting families with Vouchers, they can provide copies of their income eligibility documents which has determined in accordance with the HUD Section 8 Program guidelines which is required under the CDBG Program regulations. This procedure will also insure longer sustained affordability for the family with the ongoing monthly rental subsidy from the Section 8 Program. In addition, the City will be able to implement the program much more efficiency.
- b. Approximately \$35,000 be reallocated to the **Operation and Repair Program**, this budget would increase from approximately \$62,500 to \$97,500. Under this program properties purchased under the Acquisition/Reuse Program are being rehabilitation to be sold to first-time homebuyers under the Homebuyer Assistance Program. The cost to eradicate lead paint, radon, and other environmental issues along with code compliance on the properties is more costly than anticipated, but are necessary in order to meet program requirement and provide decent, safe and affordable housing.
- c. The two adjustments noted above, would however; reduce the **Neighborhood Home Improvement Program** budget by approximately \$40,000 from \$426,000 to \$386,000 (see attachment 2). The good news is that staff has been working closely with our HUD Regional Environment Officer to update our Programmatic Agreement with the Iowa State Historic Preservation Office (SHPO) so that it is in compliance with the new changes to the 106 regulations and Environmental Review requirements. We will be bring to City Council in January the draft agreement for submittal to SHPO as the next step in the process that will allow us to operate our Neighborhood Home Improvement Program in the very near future.

In summary, the table below represents the above reallocation recommendations:

REVISED 2012-13 Action Plan Expenditure Budget:

Programs	Current Budget	Adjusted Budget
Operation and Repair (Acquisition/Reuse)	\$62,500	\$97,500
Deposit Assistance Program (Renter Affordability)	\$0	\$80,141
Dangerous Building Program (Slum & Blight)	\$45,000	\$0
Neighborhood Home Improvement Program	\$426,021	\$386,086
Single-Family Conversion Project	\$25,000	\$0
Homebuyer Assistance Program	\$115,500	\$115,500
Neighborhood Infrastructure Improvements Program	\$378,896	\$352,820
2012-13 Program Administration	\$113,229	\$113,229
Total	\$1,166,146	\$1,145,276

Staff feels that these budget adjustments would have a greater impact on meeting the City Council's goals of strengthening our neighborhoods and provide better utilization of the CDBG funds and programming for the current year. In addition, these proposed changes are in compliance with our approved citizen participation plan for budget adjustments made under \$100,000.

ALTERNATIVES:

1. The City Council can approve the reallocation of the 2012-13 Action Plan projects and budget for the City's Community Development Block Grant Program as suggested above.
2. The City Council can refer this item back to staff with further direction.
3. The City Council can decide not to make any changes to the FY 12/13 Action Plan projects and budget.

MANAGER'S RECOMMENDED ACTION:

The reallocation of projects and budget that are being recommended for fiscal year 2012-13 will continue to focus on the City Council's goal of strengthening our neighborhoods and are still consistent with the priorities of the City's 2009-14 CDBG Consolidated Plan.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed budget amendments to the 2012-13 Annual Action Plan Program Projects as reflected in the above table.

ATTACHMENT 1

PROPOSED 2012-13 AMENDED ANNUAL ACTION PLAN PROGRAM ACTIVITIES

Project Activities	Program Description	Priority Goal	CDBG National Objective
<p>The Neighborhood Sustainability Program is comprised of the following subcomponent programs:</p> <ol style="list-style-type: none"> 1. Home Improvement Rehabilitation Program 2. Homebuyer Assistance 3. Dangerous Buildings Program 4. Single-family Conversion Program 5. Operation and Repair 	<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 <u>home repair grants</u> for owner-occupied housing units, and repair assistance to property owners of single-family rentals for conversion back to single-family homeownership and <u>down payment and closing cost assistance</u> to first-time homebuyers, and demolish deteriorated properties in conjunction with our Dangerous Building Initiatives.</p>	1, 2	Low- & Moderate-Income Benefit
<p>The Public Improvement Program is comprised of the following subcomponent programs:</p> <ul style="list-style-type: none"> • Neighborhood Infrastructure Improvements (curb, street resurfacing, sidewalks, etc.) in targeted low- and moderate-income census tracts 	<p>The overall goal of the Public Improvement Program is to preserve and enhance the viability and aesthetics of our core existing neighborhoods by maintaining the public infrastructure.</p>	3	Low- & Moderate-Income Benefit