

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING ON SUBMITTAL OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM “REVISED” PROPOSED 2017-2018 ANNUAL ACTION PLAN

BACKGROUND:

The City must annually submit an Annual Action Plan to the federal department of Housing and Urban Development (HUD) to receive Community Development Block Grant (CDBG) funds. The Annual Action Plan outlines program activities that will be undertaken to address or meet those goals and priorities outlined in the five-year Consolidated Plan. The City’s third Consolidated Plan was approved by HUD for the period of July 1, 2014 through June 30, 2018. The Annual Action Plan can address one or all of the goals and priorities of the identified housing and community development needs.

On February 14, 2017, after taking into consideration input from the January public forums, the City Council approved the proposed 2017-18 Action Plan projects as outlined in the attached Executive Summary (see attachment A) and the proposed budget as outlined below with direction to staff to finalize the proposed Plan for public comment. The Plan was made available for public comment from April 5th through May 4, 2017. Staff received one citizen comment during the period (see attachment B).

Original Proposed Budget for 2017-18

Homebuyer Assistance Program	\$200,000
Single-family Housing Improvements Program	\$70,000
Public Infrastructure Improvements Program for State Ave.	\$550,000
Disposition of Properties	\$11,578
Renter Affordability (Deposits, Rent & Transportation) Assistance Program	\$40,000
Total Programming	<u>\$821,578</u>
2017-18 Program Administration	<u>\$ 98,197</u>
Grand Total	\$919,775

Staff anticipated having City Council approve the Plan at its May 9th City Council meeting. However, it wasn’t until the end of May 2017 before Congress approved a spending bill that will allow the government to continue operating until September 30th. With the approval of this bill by Congress, HUD programs, particularly the CDBG Program will continue to operate.

Despite this good news, the late approval caused a delay in announcing the City's 2017-18 CDBG allocation amount. In accordance with the HUD program regulations, entitlement cities could not submit their action plans until the "exact" allocation amount has been awarded and once the amounts are awarded the plans must be submitted within 60 days of that date. In consulting with our HUD field staff, since the City of Ames was already in its public hearing stage of the process, we were advised to proceed with opening the hearing on May 9, 2017, but to continue the hearing to a date certain (June 13th) in order to be in a position to meet the 60 day submittal deadline. **At the June 13, 2017 City Council meeting, the City Council continued the public hearing date to the July 11th City Council meeting.**

On Wednesday, June 14, 2017, the City received notification that its 2017-18 CDBG allocation will be \$510,515. This amount is \$19,529 over our current 2016-17 allocation of \$490,986. Of this amount, \$408,412 is available for programming after accounting for 20% administration costs. To ensure that the public is aware of the funding amount and the proposed revisions to the 2017-18 CDBG Annual Action Plan, a 14-day comment period was published from June 21st through July 5th.

Staff is proposing the following budget and program revisions for distribution of the funding for the proposed Action Plan projects. Notably, staff added more funding to the homebuyer assistance program as a result of the discussions concerning the 321 State Avenue project at the June 13th City Council meeting.

Anticipated/Proposed 2017-18 CDBG Program Revenue Resources

17-18 CDBG Allocation	\$ 510,515
16-17 Anticipated Program Rollover	\$ 392,789
17-18 Anticipated Program Income	<u>\$ 41,000</u>
Total 2017-18	\$944,304

Recommended Project Funding Levels	Original Proposal	REVISED PROPOSAL
Homebuyer Assistance Program	\$150,000	\$ 200,000
Single-Family Housing Improvement Program	\$70,000	\$50,000
Disposition of Existing Properties	\$11,578	\$12,201
Public Infrastructure Improvement Program for 321 State Avenue	\$550,000	\$550,000
Renter Affordability (Deposit & Transportation Assist)	\$40,000	\$30,000
2017-18 Program Administration	<u>\$98,197</u>	<u>\$ 102,103</u>
Total	\$919,775	\$944,304

The entire Revised Proposed 2017-18 Annual Action Plan document is available on the City's web page at: www.cityofames.org/housing.

It is important to note that the annual action proposed plan and budget rely heavily on implementation of the development at 321 State Avenue. If the RFP proposal is not approved (that occurs earlier in this meeting), it will be challenging to meet HUD's timeliness test. It would then be important for Council to adopt an alternative spending approach as soon as possible.

ALTERNATIVES:

1. The City Council can approve the proposed 2017-2018 CDBG Annual Action Plan as revised in conjunction with the recently announced 2017-18 funding allocation amount.
2. The City Council can modify, and then approve, the 2017-2018 Annual Action Plan in conjunction with the recently announced 2017-18 funding allocation amount.
3. If the Council does not approve the revised development proposal for 321 State Avenue, Council should give staff direction to revise the action plan and budget and table this item until the July 25 Council agenda so staff can prepare a revised plan.

CITY MANAGER'S RECOMMENDED ACTION:

CDBG funds bring the City a unique opportunity to continue to use federal funding to address local housing and community development priorities. In order to qualify for receipt of these funds for the upcoming fiscal year, this document must be approved and submitted to HUD within the regulatory timeframe.

The City's required timeliness test by HUD will still occur on May 2, 2018, which means that approximately \$500,000 will need to be expended by April 25, 2018. Thereby, staff must concentrate its initial efforts on activities that can be accomplished within this timeframe.

The project activities being recommended are consistent with the public forum suggestions, the data sources identified above, and the goals and priorities adopted in the City's 2014-18 Consolidated Plan.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving submittal of the Revised Proposed 2017-18 Annual Action Plan Program and projects, and authorizing submittal of the plan to HUD by August 16, 2017.



**"REVISED" PROPOSED
CITY OF AMES**

**Community Development Block
Grant Program (CDBG)**

**2017-2018
ANNUAL ACTION PLAN**

July 2017

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The City of Ames Planning & Housing Department has prepared a Consolidated Housing and Community Development Plan for the years 2014 through 2018 that provides a strategic vision for the community. The Plan has been approved by HUD. The Executive Summary and other materials can be found on the U.S. Department of Housing and Urban Development web site at <http://www.hud.gov/>, and on the City of Ames web site at: <http://www.city.ames.org/housing>. Please contact the City of Ames, Planning & Housing Department at (515) 239-5400 for additional information.

The process for development of the Plan included identifying priority needs, establishing goals to address the needs, and then identifying projects to achieve the goals. Priority needs were determined through analysis of data and an extensive public involvement process.

The goals set forth in the 2014-18 Strategic Plan and in the various Annual Action Plans will be in keeping with the overall mission of HUD's Community Planning and Development (CPD) Programs: Community Development Block Grants (CDBG).

The City of Ames has a long standing history of having as one of its primary missions to identify, address, and implement solutions and programs that serve the needs of the elderly, disabled, homeless, extremely low-income, low-income, and moderate-income, households and families in its community. In identifying the needs, the City of Ames has continued to conduct and/or partner in commissioning reports and studies to collect data to assist in determining the needs and the actions that should be taken to address those needs.

Below you will find a Summary of the objectives and outcomes identified in the Plan and the activities that will be implemented in the 2016-17 program year to address these objectives and outcomes. (see Appendix 1 for the 2017-18 Proposed Action Plan Projects).

The rationale for determining the above priority objectives and outcomes are as follows:

- The proposed project activities are consistent with the 2014-18 Adopted Consolidated Plan goals and address the following two barriers that were outlined in the 2013 Impediments to Fair Housing Analysis Study 1) the "lack of available, decent rental units in affordable price ranges" and 2) the "cost of housing" for both renters and home buyers.
- The proposed project activities are consistent with the needs outlined in the Comprehensive Housing Affordability Strategy (CHAS) Data, American Community Survey (ACS) and Analysis to Impediments to Fair Housing Study (ASI) data for the City of Ames.
- The proposed implementation sequence for the project activities should help meet HUD's timely expenditure requirements.

- Funds will be used continue to contract for additional staff to accomplish the proposed project activities in FY 2017-18.
- All of the activities proposed would be of 100% benefit to low- and moderate-income persons.

Additionally, these objectives and outcomes will provide the most positive impacts on addressing the needs of homeless, extremely low-, low- and moderate-income households in the community and will be the area of focus anticipated for the Annual Action Plans over the next five (5) years in utilizing CDBG, and other local and/or state funds to address these objectives and outcomes. As the City of Ames approaches its fourth 5-year Consolidated Plan period, we have been very successful in implementing the program activities over the last ten years, which has led to having exceeded the 70% low- and moderate-income benefit expenditure threshold required by HUD.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

As part of the 2014-18 Consolidated Planning process, the City of Ames's strategies toward serving the needs of homeless, extremely low-income, low-income, and moderate-income families and households are to continue to seek public input; to continue to invest resources both physical and financial; and to continue to implement programs that will address the community's priority needs. With community participation, the following Priority Goal Objectives and Outcomes were derived:

1. Goal: Utilize and leverage CDBG Funds for Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: To create, expand and maintain Affordable Housing for Homeless and Low-income persons.

Outcomes:

- i. Increase the supply of affordable rental housing
- ii. Improve the quality of affordable rental housing
- iii. Increase the availability of affordable owner-occupied housing
- iv. Maintain the supply of affordable owner-occupied housing
- v. Provide temporary rental assistance
- vi. Increase the supply of mixed-use development
- vii. Expand and maintain the supply of emergency shelter and transitional housing.

A2. Objective: To maintain the Community Development Services of the Community

Outcomes:

- i. Continue provision of the Public Service Needs for homeless, special populations, and low income households (utilities, rent, deposits, childcare, transportation, employment training, substance abuse, health services, legal services, other public service needs) and reduce duplication of services.

ii. Continue provision of Public Facilities Needs for homeless, special populations and low income households (senior centers, homeless facilities, child care centers, mental health facilities, neighborhood facilities, and other public facilities needs).

iii. Continue provision of Public Infrastructure Needs in low-income census tracts (water, street, sidewalk improvements).

2. Goal: Utilize and leverage CDBG Funds for NON Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: Address Housing Needs in Non-Low and Moderate Income Census Tracts

Outcomes:

- i. Integrate affordable and market rate residential developments
- ii. Remove blight and deteriorated housing to reuse into new housing
- iii. Support and address code enforcement of deteriorated housing
- iv. Remove blight and deteriorated housing in flood plain and other hazardous areas.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The preparation of the 2014-18 Consolidated Plan and now the subsequent Annual Action Plans will represent the City's third 5-year period as an Entitlement Community. Based on reviews and monitoring by the HUD Area Field Office of the City's performance over the last thirteen years, the City has been very successful in not only meeting the regulatory and statutory requirement of the CBDG programs, but also more specifically the timely expenditures of funds within the required time period. Through the administration of the various housing, public service, public infrastructure, and public facility activities implemented, the City has achieved a 100% cumulative benefit to low- and moderate-income persons for each of the three 5-year periods, which exceeds the regulatory standard of 70%. Additionally, periodic monitoring reviews by HUD, the City had no major findings or concerns. This was noted to be extremely rare.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

The City of Ames has a *Citizen Participation Plan* that details the public involvement process. The Plan is available at www.cityofames.org/housing. Public participation is an annual on-going process, not only in preparation of the Consolidated or Action Plans but as an on-going part of the City of Ames's commitment to solicit community involvement and participation.

Prior to the required public hearing, the public is encouraged to participate in public forums each year to be educated about the program and to give input on the activities being proposed to address the

needs of the community. For the 2017-18 program year, like previous years, human service agencies, neighborhood associations, non-profit housing providers, Section 8 participants, faith-based organizations, and other community groups and businesses received direct mailings inviting them to attend these public forums. This is in addition to ads in the area free newspaper, press releases, Facebook postings, and Twitter announcements.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

The original 30-day public comment period began on Wednesday, April 5, 2017, and was due to end on Thursday, May 4, 2017. However, due to the Federal delay in the announcement of the 2017-18 CDBG Funding Allocations, the public hearing was extended to Tuesday, July 11, 2017. Additionally, HUD issued a waiver that reduce the public comment period from 30 to 14 days (24 CFR 91.105(b)(4) and 24 CFR 91.115(b)(4), therefore, a new comment will begin on Tuesday, June 20 and end on Wednesday, July 5, 2017.

6. Summary of comments or views not accepted and the reasons for not accepting them

To be completed after the public hearing.

7. Summary

For the program years 2017-2019, the City of Ames will focus a majority of its CDBG resources into its first newly designated Neighborhood Revitalization Strategy Area (NRSA) in West Ames. The NRSA designation will allow for the focusing of various eligible CDBG activities to occur such as has housing development, public services, public improvements, housing rehabilitation, economic development, etc. activities. Additionally, a portion of the funds will still be committed and administered on a city-wide approach. The majority of the determined benefit will be based on individual income eligibility, low- and moderate-income limited clientele benefit, and low- and moderate-area benefit, (based on census tracts containing concentrations of 51% or more low- to moderate-income persons, as established by HUD).

Below is a summary of the major areas addressed in the Strategic Plan for the City of Ames based on the data from the 2006-2012 American Community Survey (ACS) data, the Comprehensive Housing Affordability Strategy (CHAS) data supplied by HUD, intensive public input, 2013 Impediments to Fair Housing Analysis Study, area human service agencies, ASSET, City Departments, the State of Iowa, and other market analyses and influences.

Geographic Priorities

For the remainder of the last two years (2017-2019) of the 2014-18 Five Year Consolidated Plan, the goal will be to focus a majority of the programming specifically in the West Ames Neighborhood Revitalization Strategy Area (NRSA). There will also some programming available city-wide as well.

Priority Needs

The City of Ames has identified affordable housing, community development, and public services as priority needs to address over the next five years. High priorities for fiscal year 2017-18 CDBG allocation will be to development of affordable housing for homeowners and/or renters, the maintenance of affordable housing for homeowners and affordability programs for renters.

Influence of Market Conditions

The high cost and lack of available housing units and land continues to be the biggest influence of market conditions for the city of Ames.

Anticipated Resources

The City of Ames anticipates the following financial resources for Fiscal Year 2017-18:

17-18 CDBG Allocation	\$510,515
16-17 Anticipated Program Rollover	\$392,789
16-17 Anticipated Program Income	<u>\$41,000</u>
Total 2017-18	\$944,304
2017-2019 CDBG Allocations	\$1,021,030*

*Anticipate receiving an average of \$510,515 over the remaining two (2) years of the Consolidated Plan period.

Goal Descriptions

1	Goal Name	Create & expand Affordable Housing for LMI Persons
	Goal Description	Outlined below are the five-year goals (2014-2018) to address the needs of the community to create and maintain affordable housing opportunities for low and moderate income households.
2	Goal Name	Maintain Development Services in the Community
	Goal Description	Outlined below are the five year goals (2014-2018) to address the public service and public facilities needs of the community. Funding is based annually. These numbers are estimates that are based on actual amount of funding that becomes available.
3	Goal Name	Address Needs of Non-LMI Persons
	Goal Description	No specific household goals are were established to address the needs of Non LMI Persons during the 2014-18, 5 year Consolidated Plan period in the community utilizing CDBG funds. However, given that the City was granted a Neighborhood Revitalization Strategy Area (NRSA) designation for the redevelopment of a 10 acre parcel of land (acquired in 2015-16) into a mixed use residential subdivision, this project will address needs of possibly 24 non LMI households within this designated area.

Table 7 – Goal Descriptions

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):

We estimate that approximately 70 extremely low-income, low-income and moderate-income families could benefit from all of the programs that will be implemented for the 2017-18 program year.

Projects

AP-38 Projects Summary

Project Summary Information

Table 9 – Project Summary

1	Project Name	Renter Affordability Program/DFMR
	Target Area	CITY-WIDE
	Goals Supported	Create & expand Affordable Housing for LMI Persons Maintain Development Services in the Community
	Needs Addressed	Renter Affordability Programs
	Funding	CDBG: \$27,000
	Description	Funds under this project will be used to provide Deposit and/or First month rent assistance to households with annual incomes at 60% or less of the Ames MSA area median income limits, this program is being proposed to continue for 2017-18.
	Target Date	July 2017-June 2018
	Estimate the number and type of families that will benefit from the proposed activities	40
	Location Description	
	Planned Activities	The activities under this program is provide one time funding to households and/or families with incomes at or below 60% of the Story County Median income limits with to assist them with Security Deposits and/or First Month's rent. The assistance may be expanded to include up to three months of rent assistance.

2	Project Name	Renter Affordability Program/Transportation
	Target Area	CITY-WIDE
	Goals Supported	Create & expand Affordable Housing for LMI Persons Maintain Development Services in the Community
	Needs Addressed	Renter Affordability Programs
	Funding	CDBG: \$3,000
	Description	Under this activity funds will be used to assist approximately households at 60% or less of the Ames MSA income limits with their interim transportation needs (fuel vouchers, or bus passes). This program is being proposed to continue in 2017-18.
	Target Date	July 2017-June 2018
	Estimate the number and type of families that will benefit from the proposed activities	20
	Location Description	City-wide
	Planned Activities	The activities under this program is to provide financial assistance to households and/or families with incomes at or below 60% of the Ames MSA income limits with assistance with their transportation needs through either fuel vouchers or bus passes.

3	Project Name	Single-Family Housing Improvement Program
	Target Area	CITY-WIDE
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Housing Improvement Rehabilitation Programs
	Funding	CDBG: \$50,000
	Description	The Housing Improvement Program objective will be to provide financial assistance to qualified low- and moderate-income single-family homeowners at or below 80% of the area median income limits to improve the physical condition of their single family homes in residentially zoned areas. The overall goal of the Housing Improvement Program is to allow qualified low- and moderate-income households to reside in decent, safe, and sanitary housing that will enhance neighborhood sustainability.
	Target Date	July 2017-June 2018
	Estimate the number and type of families that will benefit from the proposed activities	10
	Location Description	
	Planned Activities	See project description above

4	Project Name	Homebuyer Assistance
	Target Area	State Avenue NRSA
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Homebuyer Assistance for First-time Homebuyers
	Funding	CDBG: \$200,000
	Description	The objective under this program is to provide financial assistance to qualified low- and moderate-income first-time homebuyers, with incomes at or below 80% of the AMI limits, to purchase newly constructed single-family housing in the West Ames Neighborhood Revitalization Area for 321 State Avenue. The overall goal of the Homebuyer Assistance Program is to allow low- and moderate-income households to gain access to housing and/or improve their housing status.
	Target Date	July 2017-June 2019
	Estimate the number and type of families that will benefit from the proposed activities	6
	Location Description	
	Planned Activities	see above

5	Project Name	Public Infrastructure Improvements Program
	Target Area	West Ames NRSA-State Avenue
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Acquisition Reuse For Affordable Housing
	Funding	CDBG: \$550,000
	Description	Under this activity funding for the installation of public infrastructure improvements (streets, utilities, curbs, sidewalks, etc.) to redevelop a new mixed used residential subdivision of both low and moderate and market rate housing units.
	Target Date	July 2017-December 2017
	Estimate the number and type of families that will benefit from the proposed activities	Potentially 36 affordable homes and 24 market-rate homes
	Location Description	
	Planned Activities	see description above

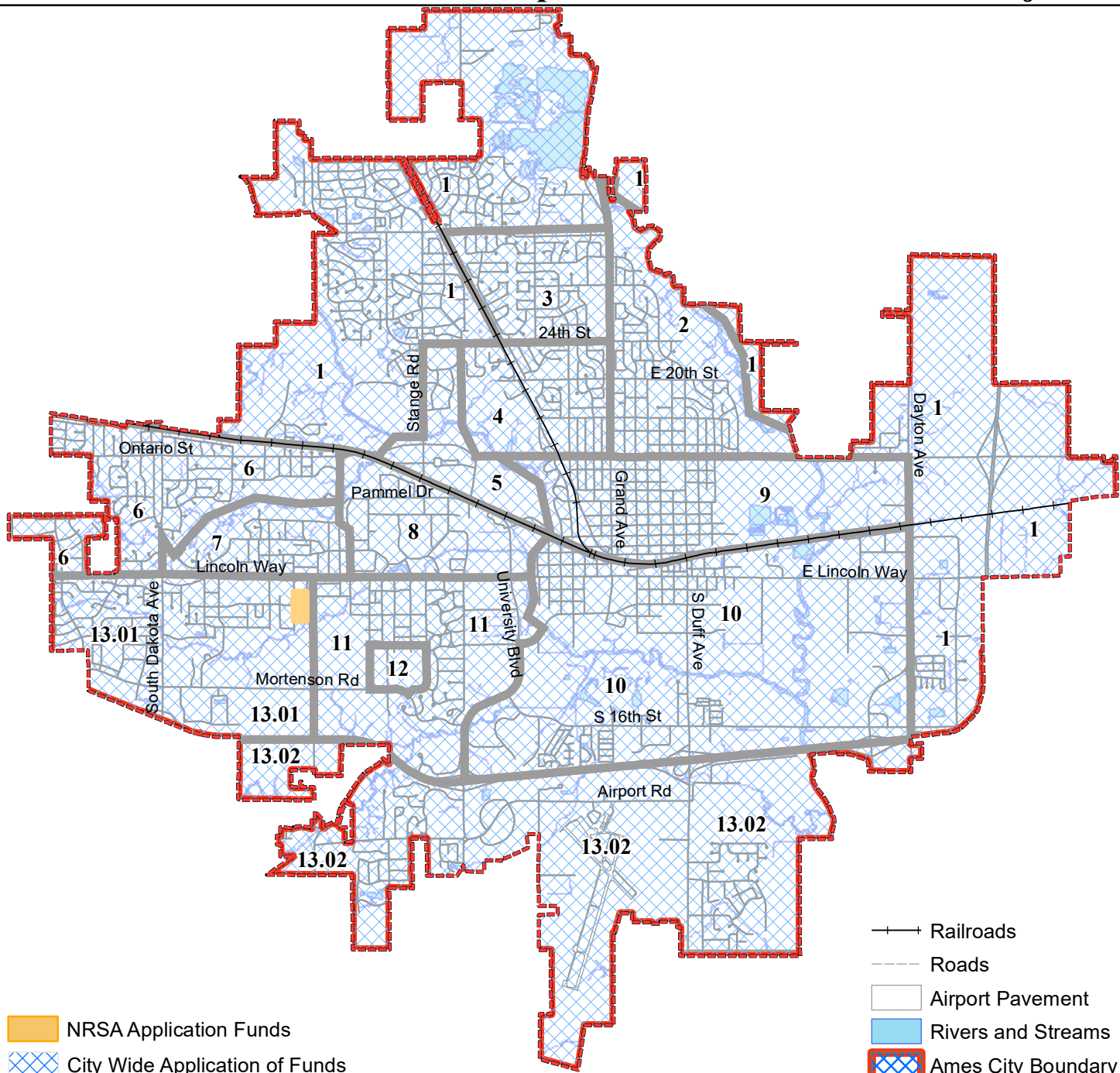
6	Project Name	Property Disposition Activity
	Target Area	City-wide
	Goals Supported	All goals
	Needs Addressed	All needs
	Funding	CDBG: \$12,201
	Description	Under the activity the maintaining properties purchase with CDBG that have yet to be sold or developed will occur.
	Target Date	July 2017-June 2018
	Estimate the number and type of families that will benefit from the proposed activities	n/a
	Location Description	City-wide
	Planned Activities	Overall property maintenance expenses

7	Project Name	General Administration
	Target Area	City-wide
	Goals Supported	All goals
	Needs Addressed	All needs
	Funding	CDBG: \$102,103
	Description	Under the activity the overall administration of the CDBG program will occur and be expended (i.e. salaries, contractual, commodities, etc.)
	Target Date	July 2017-June 2018
	Estimate the number and type of families that will benefit from the proposed activities	See individual program activities
	Location Description	n/a
	Planned Activities	Overall day to day program administrative activities and expenses

APPENDIX I

City of Ames

2017-18 CDBG Proposed/Revised Action Plan Projects

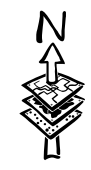


NRSA Application Funds

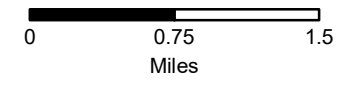
City Wide Application of Funds

Homebuyer Assistance Program	\$ 200,000
Single-Family Housing Improvements Program	\$ 50,000
Disposition of Properties	\$ 12,201
Infrastructure Improvements Program - 321 State Ave	\$ 550,000
Renter Affordability (Deposit & Transportation)	\$ 30,000
2017-18 Program Administration	\$ 102,103
Grand Total for All Program	\$ 944,304

- Railroads
- Roads
- Airport Pavement
- Rivers and Streams
- Ames City Boundary
- Census Tracts
- City of Ames, Iowa



Map Prepared: April 3, 2017
City of Ames
Planning & Housing Department



ATTACHMENT B

Public Comments Received during comment period:

From: "Birru, Girma A [AGRON]" <gbirru@iastate.edu>
To: "vbakerlatimer@city.ames.ia.us" <vbakerlatimer@city.ames.ia.us>
Date: 05/02/2017 10:15 AM
Subject: CBDG Comments

Dear Vanessa and Staff,

Thank you for allowing us to give our feedback on the action plan. I have read the plan and found it compressive. The selected site for construction is excellent. I hope the aauthorize approve the budget considering the urgency of the project. I blive it should be a priority to them.

I have two comments on CDBG:

1. li would be great if you consider the diversity of the community of the future owners under the new CDBG.
2. We would also appreciate if you give priorities to families with kids and elders.
As I said I am very interested in newly planned housing development project and willing to contribute in my part to help succeed the project.

Regards,
Girma