

COUNCIL ACTION FORM

SUBJECT: CONTINUATION OF PUBLIC HEARING ON SUBMITTAL OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM 2018-2019 ANNUAL ACTION PLAN

BACKGROUND:

One major requirement in receiving Community Development Block Grant (CDBG) funds is for the City to submit an Annual Action as part of its' five-year Consolidated Plan to the federal Department of Housing and Urban Development (HUD). The City's current Consolidated Plan was approved by HUD for the period of July 1, 2014 through June 30, 2018. 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 Annual Action Plan can address one or all of the goals and priorities of the identified housing and community development needs within the Consolidated Plan.

Federal regulations require that the Annual Action Plan be submitted for HUD's approval at least 45 days before the beginning of the program fiscal year of July 1, 2018, which is by May 17th. Additionally, the regulations also require that the Action Plan be published for 30 days prior to its approval to allow for citizen review of the proposed Annual Action Plan project(s) and funding.

At the February 27, 2018 City Council meeting, City Council reviewed feedback from Public Forums and directed staff to proceed with preparing a draft Annual Action Plan. At the March 20, 2018 Council meeting, City Council approved an additional program (**see attachment A**) and directed staff to prepare the proposed 2018-19 Action Plan for public comment based on our 2017-18 CDBG allocation as we awaited a final decision on funding from HUD. The draft Plan was made available for public comment from April 3th through May 3, 2018. No citizen comments were received during the period.

Last week (a month after Congress approved the FY18 spending bill that will allow the government to continue operating until September 30th) the City received notification that its **2018-19 CDBG allocation will be \$572,094. This amount is approximately \$62,000 over our current allocation of \$510,515.** Of this amount, approximately \$457,675 would be available for programming after accounting for administration set asides. **However, the timing of the funding notification came at the end of the public comment period, therefore, we are required to insure that the public is aware of the new funding amount and the proposed project revisions to the 2018-19 CDBG Annual Action Plan, which will require a new 30-day comment period. Additionally, the regulations require that Plans must be submitted within 60 days from the date of the announcement or publishing of the allocation amounts, which will be on or before June 30th. To accommodate all the required notice periods, staff will need to request an extension from HUD to August 16, 2018 to submit the Action Plan.**

Staff proposes the following budget and program revisions for the redistribution of the

additional allocation amount for the 2018-19 proposed Action Plan projects. Additionally, staff has adjusted the amount of the Anticipated Program Rollover and Income to account for activities that were completed since the draft plan was prepared.

REVISED Proposed 2018-19 CDBG Program Revenue Resources		
	Proposed	Revised
18-19 CDBG Allocation	\$510,515	\$ 572,094
17-18 Anticipated Program Rollover	\$626,942	\$ 567,106
18-19 Anticipated Program Income	\$6,000	\$ 6,400
Total 2018-19	\$1,143,457	\$1,145,600
Non-CDBG Revenue Resources (GO Bond)	\$250,000	\$250,000
Grand Total Revenues	\$1,393,457	\$1,395,600

REVISED Proposed 2018-19 CDBG Program Action Plan Activities and Expenses		
	Proposed	Revised
Homebuyer Assistance Program	\$200,000	\$177,000
Public Infrastructure Improvements Program for State Ave. (Includes CDBG and GO Bond funds)	\$836,000	\$836,000
Public Infrastructure Program Delivery costs (Engineering, etc.)	\$80,000	\$80,000
Renter Affordability (Deposits, 1 st Month's Rent & Transportation, Assistance) Programs	\$35,000	\$35,000
Acquisition/Reuse Affordability Program	\$140,354	\$165,497
Total Programming	\$1,291,354	\$1,293,497
2018-19 Program Administration	\$102,103	\$114,418
Grand Total	\$1,393,457	\$1,395,600

Proposed 2018-19 HOME Program Revenue Resources	
	Proposed
18-19 HOME Allocation	\$601,264
Grand Total Revenues	\$601,264

Proposed 2018-19 HOME Activities and Expenses	
	Proposed
Home Construction at 321 State Ave.	\$541,138
Total Programming	\$541,138
2018-19 Program Administration	\$60,126
Grand Total	\$601,264

Staff's rationale for recommending these project activities for 2018-19 both Programs are as follows:

- The project activities are consistent with the recently adopted 2014-18 Five-Year Consolidated Plan goals that 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.** Additionally, the data outlined in the Comprehensive Housing Affordability Strategy (CHAS), and the American Community Survey (ACS) information for the City of Ames is consistent with the two needs outlined above.
- The proposed projects are consistent with the **City Council’s goals and priorities to focus on neighborhood sustainability by improving and expanding the housing stock for in low- and moderate-income households and in our vital core neighborhoods.**
- The proposed implementation sequence for the project activities should help meet HUD’s timely expenditure requirements.
- All of the activities proposed would be of 100% benefit to low- and moderate-income persons.
- Increasing the Acquisition Program allow for more flexibility to purchase a property for affordable housing if an opportunity arises. The reduction in first time homebuyer assistance is not substantial in regard to proceeding with the 321 State Avenue and the timing of the construction of single-family homes.

- For the HOME program, using the funds to build the affordable housing units on the 321 State Avenue land, would meet the goals of our Neighborhood Revitalization Strategy Area (NRSA) designation and well as addressing the needs outlined in our 2013 Impediments to Fair Housing Analysis Study as noted in the above by being able to finance the construction of houses that CDBG funds are not eligible to be use for construction.

ALTERNATIVES:

1. The City Council can approve to continue the public hearing date to July 31, 2018 to submit the REVISED 2018-2019 Proposed Annual Action Plan to HUD on or before August 16, 2018 in connection with the City's Community Development Block Grant Program.
2. The City Council can modify, and then approve, the Proposed 2018-2019 Annual Action Plan.

MANAGER'S RECOMMENDED ACTION:

CDBG funds continue to bring the City a unique opportunity use federal funding to address our housing and community development priorities. In order to qualify for receipt of these funds over the next fiscal year, this document must be approved.

The City's required CDBG timeliness test by HUD will still occur on May 2nd, **which means the approximately \$300,000 could need to be expended by April 25, 2019 based upon the project budget.** Staff, therefore, must concentrate its initial efforts on activities that can be accomplished in this timeframe, which is primarily the 321 State Avenue infrastructure improvements.

The HOME timeliness test guidelines are totally different from CDBG, but they do exist and will need to be adhered to received future funding.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the continuation of the public hearing to July 31, 2018 to submittal of the Revised Proposed 2018-19 Annual Action Plan, request an extension of the Action Plan to HUD to on or before August 16, 2018, and have staff proceed plan a new 30-day comment period.