

COUNCIL ACTION FORM

SUBJECT: AMENDMENT TO THE 2014-18 FIVE-YEAR CDBG CONSOLIDATED PLAN TO ACCEPT HOME ALLOCATION FUNDS.

BACKGROUND:

On May 1, 2018, along with the notification of our 2018-19 CDBG funding allocation, the City was also notified that we were being awarded for the first time \$601,264 of HOME funds. There was no prior communications from HUD that the City now meets the funding formula for these dollars!

The HOME Investment Partnerships Program (HOME) provides formula grants to states and units of local government to implement local housing strategies designed to increase homeownership and affordable housing opportunities for low and very low-income households. It is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME is a distinct program from CDBG with its own requirements.

Under this program, local units of governments are referred to as Participating Jurisdictions (PJ's). Participating jurisdictions may use HOME funds for a variety of housing activities, according to local housing needs. **Eligible uses of funds include tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing.** HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing. Funds may not be used for public housing development, public housing operating costs, or for Section 8 tenant-based assistance, nor may they be used to provide non-federal matching contributions for other federal programs, for operating subsidies for rental housing, or for activities under the Low-Income Housing Preservation Act. Up to 10% of the HOME funds may be used for administration costs; however, a 25% local match of funding is required with the annual expenditure of HOME funds for projects and programs.

Although this is exciting news, the process to accept these dollars will require the City to amend its 2014-2018 5-Year Consolidated Plan to account for this program. Also, the Consolidated Plan would have to be submitted and approved by the HUD field office before we could submit our REVISED 2018-19 Annual Action Plan. Amendments to the Consolidated Plan requires a 30-day period for the public to comment before submittal to HUD.

The timeline to meet this requirement is going to be very tight. For an entitlement to receive its funding, whether CDBG or HOME dollars, they must have submitted their Amended Consolidated and Action Plans to HUD on or before August 16th of any given year. In order to try and meet these deadlines, staff would have to have the amendment to the 5-Year Consolidated Plan ready for public comment by June 27th with a public hearing date of July 31st. As a safety net, staff will request an extension to submit the Plan to HUD on or

before August 16, 2018. HUD would need to swiftly approve the Consolidated Plan so that the Action Plan can be submitted before the August 16th deadline.

ALTERNATIVES:

1. The City Council can adopt a motion to direct staff prepare an amendment to the 2014/18 Five-Year Consolidated to incorporate the receipt of HOME funds for the City of Ames and set July 31, 2018 as the date of public hearing.
2. The City Council can decide to reject the receipt of HOME funds for the City of Ames and proceed with the amendment of the Annual Action Plan.
3. The City Council can refer this item back to staff for more information.

MANAGER'S RECOMMENDED ACTION:

This surprise announcement in the City being eligible to receive HOME funds can be seen as another funding source to help address the needs of affordable housing for our community and our citizens. Although there is much to learn about the program, HOME funds could be a valuable resource to the community to assist in the direct construction of housing compared to the CDBG program.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This alternative will approve a motion to authorize staff to proceed with preparing an update to the 5-Year Consolidated Plan to incorporate the receipt of HOME funds and to set July 31, 2018 as the date of public hearing.

The City Council should understand the receipt of these new funds will require significantly more time on the part of City staff to meet the very tight regulatory deadlines, to administer the program, and to obtain additional knowledge about the regulations related to this new program. Because of the suddenness of this notification, the staff will need the coming weeks to analyze the feasibility of participating in this program and therefore requesting an time extension to August 16, 2018 gives us a cushion.