

COUNCIL ACTION FORM

SUBJECT: AMENDMENT TO 2014-18 FIVE-YEAR CDBG CONSOLIDATED PLAN TO INCORPORATED THE RECEIPT OF HOME PROGRAM FUNDS

BACKGROUND:

At the May 8, 2018 City Council meeting, the City Council approved a resolution to authorize staff to proceed with preparing an amendment to the 2014-18 CDBG Five-Year Consolidated Plan to incorporate the receipt of HOME funds and to set July 31, 2018 as the date of public hearing.

The Consolidated Plan is the federal planning document (Comprehensive Housing Affordability Strategy, or CHAS) for the jurisdiction. This plan requires detailed background information on the community, derived both from census data and other comprehensive studies performed by the community. The Plan must identify, over a **three or five-year period**, the goals and priorities to address the housing and community development needs of both low- and moderate-income persons as well as needs for higher income housing. It must also contain an Annual Action Plan that outlines 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 identified housing and community development needs. The Annual Action Plan is adopted every year by the City Council.

Since City Council direction to amend the Plan, staff has been working closing with the HUD Omaha staff these past months to complete all of the required steps to receive the HOME funds. One major change from May with the information that in addition to the annual "local match" requirement for the HOME funds, that the City also has to provide a one-time shortfall gap of \$148,736 to receive the 2018-19 HOME allocation of \$601,264. As staff reported in June, the Iowa Finance Authority (IFA) agreed to transfer \$148,736 in HOME funds to the City of Ames to reach the \$750,000 initial funding threshold requirement. This is a one-time grant to the City of state HOME funds.

Once all of the funding requirements were satisfied, staff proceeded with preparing the amendment to the Five-Year Consolidated Plan. Because the City is entering into the last year (2018/19) of its current 2014-18 Five-Year Plan, **only the Strategic Planning section of the plan was required to be amended** (see attached Executive Summary). Additionally, 2014-18 adopted goals and priorities were not changed (Executive Summary Section 2).

The entire Amendment to the 2014-18 Five-Year Consolidated Plan documents are available on the City's web page at: www.cityofames.org/housing

Federal regulations require a 30-day public comment period, which ended on July 26th. No written comments have been received by staff. At the conclusion of the Public Hearing and with Council's approval of the Plan, staff is required to submit the plan to HUD as soon as possible due to the fact that the Consolidated Plan must be approved by HUD before the 2018-19 Action Plan can be submitted for approval. The statutory deadline to submit the Action Plan is August 16th, failure to have the plan submitted to HUD by this date will result in the City not being eligible to receive its 2018-19 funding allocation of both CDBG and HOME.

ALTERNATIVES:

1. The City Council can approve the Amendment to the 2014-18 Five-Year Consolidated Plan to incorporate the receipt of HOME funding beginning in fiscal year 2018-19.
2. The City Council can modify, and then approve, the Amendment to the 2014-18 Five-Year Consolidated Plan to incorporate the receipt of HOME funding beginning in fiscal year 2018-19.
3. The City Council decline to approve the Amendment to the 2014-18 Five-Year Consolidated Plan to incorporate the receipt of HOME funding beginning in fiscal year 2018-19.

CITY MANAGER'S RECOMMENDED ACTION:

CDBG funds continue to bring the City a unique opportunity to use federal funding to address our housing and community development priorities. With the **addition of HOME funding, more housing and community development opportunities can be addressed**. In order to qualify for receipt of both of these funds over the next fiscal year, the Consolidated Plan must be amendment and approved by City Council.

The City's required CDBG timeliness test by HUD will still occur on May 2nd, which could mean that approximately \$200,000 would need to be expended by April 25, 2019 based upon the project budget. Additionally, the new HOME funding also will have a timeliness deadline, that the date is yet to be determined. In either cases, staff must concentrate its initial efforts on activities that can be accomplished in this timeframe, which is primarily the 321 State Avenue infrastructure improvements and the construction of single-family homes for the development.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the Amendment to the 2014-18 Five-Year Consolidated Plan to incorporate the receipt of HOME funding beginning in fiscal year 2018-19, which must be submitted to HUD as soon as possible.

Executive Summary

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

1. Introduction

The City of Ames beginning July 1, 2018 will be receiving its first allocation of HOME Partnership Investment Program Funds. HOME administered by the Department of Housing and Urban Development (HUD), is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds can be used for a variety of housing activities, according to local housing needs. Eligible uses of funds include, but not limited to: tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing.

In order to receive HOME funds, will require the City of Ames to amend its 2014-2018 Five-Year Consolidated Plan and update its 2018-19 Annual Action Plans to not only reflect the receipt of HOME funds, but also propose what eligible activities will be implemented using the HOME dollars.

Starting July 1, 2018, the City will enter into the last year of its' 2014-18 Five-Year Consolidated Planning period. The next new Five-Year (2019-2024) Consolidated Plan will be started in the fall of 2018 and is required to be submitted to HUD in May of 2019. **Therefore, only the following specific factors portions of the "Strategic Plan" section of the current 2014-2018 Consolidated Plan are needing to be updated to reflect the HOME funding and activity (ies) to be implemented:**

- (SP-10) Geographic Priorities
- (SP-25) Priority Needs (See Strategic Plan)
- (SP-30) Influence of Market Conditions (See Strategic Plan)
- (SP-35) Anticipated Resources
- (SP-45) Goals/Activities
- (SP-55) Barriers to affordable housing (See Strategic Plan)
- (SP-80) Monitoring (See Strategic Plan)

The process for amending the Plan will still include identifying priority needs, establishing goals to address the needs, and then identifying projects to achieve the goals, but specifically including the HOME program eligibility requirements. **Priority needs were determined through analysis of data and an extensive public involvement process, however, for this amendment a 30-day comment period and public hearing will be the citizen input process. A more extensive public involvement process and updating of the data for analysis and will occur as part of the new 2019-2024 Five-Year Consolidated Planning process.**

The goals set forth in this amendment to the Consolidated/Strategic Plan are in keeping with the overall mission of HUD's Community Planning and Development (CPD) Programs: Community Development Block Grants (CDBG) and HOME Partnership Investment Program. The statutes for these programs set three primary goals for the benefit of low, very low- and extremely low-income persons: to Provide Decent Housing, to Provide a Suitable Living Environment, and to Create and/or Expanded Economic Opportunities.

2. Summary of the objectives and outcomes identified in the Plan Needs Assessment Overview

Because the goal of the HOME program is to create affordable housing for low-income households, which is similar, if not the same as the CDBG program goals, as part of the Amendment to the 2014-18 Five-Year Consolidated Planning process, **no changes** will be made to the City of Ames's strategies toward serving the needs of homeless, extremely low-income, low-income, and moderate-income families and households for the remainder of the current five-year plan.

Additionally, the following Priority Goal Objectives and Outcomes **will remain** through the remainder of the 2018-19 program year:

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 facility 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.

SP-10 Geographic Priorities. The City of Ames will focus a large portion of its CDBG funding in its newly formed Neighborhood Revitalization Strategy Area (NRSA) in West Ames, and 100% of its new funding of HOME dollars will be targeted in the NRSA (see detail chart in the Strategic Plan) below). There will be some City-wide programming as well. The majority of the determined benefit will be based on individual income eligibility, low-income limited clientele benefit, and low-area benefit, (based on census tracts containing concentrations of 51% or more low- to moderate-income persons, as established by HUD). The application process will be open to all interested persons.

Based on the above Objectives, the following Activity Outcomes including the HOME funds are being proposed. For 2018-19, the City of Ames received an additional \$61,579 of CDBG funds that is being Revised and the new addition of HOME funding.

(SP-35) Anticipated overview of Sources of Revenue of both CDBG & HOME for 2018-2019:

REVISED Proposed 2018-19 CDBG Program Revenue Resources		
	Proposed	Revised
FY 2018-19 CDBG Allocation	\$510,515	\$572,094
FY 2017-18 Anticipated Program Rollover	\$626,942	\$600,000
FY 2018-19 Anticipated Program Income	\$6,000	\$ 6,400
Total FY 2018-19	\$1,143,457	\$1,178,494
Non-CDBG Revenue Resources (GO Bonds)	\$250,000	\$250,000
Grand Total Revenues	\$1,393,457	\$1,428,494

Proposed FY 2018-19 HOME Program Revenue Resources	
	Proposed
18-19 HOME Allocation	\$601,264
Shortfall Commitment by IFA	\$148,736
25% Local Match	TBD annually
Grand Total Revenues	\$750,000

Summary of SP-45-48 Proposed Summary Goals:

1	Project Name	Renter Affordability Program/DFMR
	Target Area	CITY-WIDE & Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons Maintain Development Services in the Community
	Needs Addressed	Renter Affordability Programs
	Funding	CDBG: \$35,000 (Rollover 17-18 funding)
	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 area median income limits;
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	30 LMI Households at 60% or less of Ames MSA
	Location Description	See Target Area
	Planned Activities	The activities under this program is to provide one-time funding to households and/or families with incomes at or below 60% of the Story County Median income limits by assisting 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 Assistance
	Target Area	CITY-WIDE & Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons Maintain Development Services in the Community
	Needs Addressed	Renter Affordability Programs
	Funding	CDBG: \$5,000 (Rollover 17-18 funding)
	Description	Under this activity funds will be used to assist approximately 25 households at 60% or less of the AMI with their interim transportation needs (fuel vouchers, or bus passes).
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	25 LMI Households at 60% or less of Ames MSA
	Location Description	See Target Area
	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 Story County Median Income limits with assistance with their transportation needs through either fuel vouchers or bus passes for 2018-19.

3	Project Name	Acquisition/ Reuse Program for Affordable Housing
	Target Area	Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Acquisition Reuse For Affordable Housing
	Funding	CDBG: \$140,000 (18-19 Funding Allocation)
	Description	Under this activity funds will be used to: a. Purchase vacant in-fill lots for redevelopment into affordable housing, which may include demolition and clearance; b. Purchase of properties for rehabilitation into affordable housing. The goal is to create, expand and maintain Affordable Housing for homeless and low income households. Funding will be allocated from the 2018-19 CDBG Allocation.
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	Anticipated (1) LMI Household/family at 80% or less of Ames MSA
	Location Description	See Target Area
Planned Activities	Under the implementation of the Acquisition/Reuse for Affordable Housing, which will consist of the purchase of infill lots (vacant or with properties needing to be demolished and cleared); the purchase of fore-closed or blighted properties for rehabilitation, or the purchase of single-family or multi-family units that can be rehabilitated; it is anticipated that one (1) property maybe acquired for reuse into either an affordable rental or owner-occupied unit for a household at 80% or less of the Story County median income limits. The activity may include demolition and clearance and/or Acquisition/Rehab.	

4	Project Name	Homebuyer Assistance
	Target Area	Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Homebuyer Assistance for First-time Homebuyers
	Funding	CDBG: \$180,000 (18-19 Funding Allocation)
	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 existing and/or newly constructed single-family housing in residentially-zoned areas with the NRSA. 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	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	Potentially 4 LMI Households at 80% or less of the Ames MSA
	Location Description	See Target Area
	Planned Activities	see above

5	Project Name	Public Infrastructure Improvements Program for State Avenue NRSA (including Engineering costs)
	Target Area	Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Homebuyer Assistance for First-time Homebuyers
	Funding	CDBG: \$560,000 (rollover 17-18 funds); \$110,000 (18-19 Funding Allocation); \$250,000 (16-17 General Obligation Bonds);
	Description	Under this activity funding for the installation of public infrastructure improvements (streets, utilities, curbs, sidewalks, etc.) to redevelop a new mixed use residential subdivision of both low and moderate and market rate housing units. Located in the City's approved designated NRSA at 321 State Avenue.
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	Potentially developing 37 lots, of which 19 (51%) would be LMI Households at 80% or less of the Ames MSA and 18 (49%) would be market rate
	Location Description	See Target Area
Planned Activities	see description above	

6	Project Name	Disposition of 1228/30 Stafford & 6 th Street Properties
	Target Area	CITY-WIDE
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Renter Affordability Programs
	Funding	CDBG: \$1,075 (18-19 funding allocation)
	Description	Under this activity the property is being sold to a Non-Profit Organization. The beneficiary data for this property will be reported under this activity.
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	Two (2) Low-Income Households at 80% or less of the Ames MSA Three (3) lots to be sold on the open market
	Location Description	See Target Area
Planned Activities	Cover ongoing maintenance and fees until properties are sold	

7	Project Name	Rehabilitation/Disposition of 241 Village Drive
	Target Area	Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Affordable Homeownership Housing
	Funding	CDBG: \$21,000 (18-19 funding allocation)
	Description	Under this activity the property will be sold to an eligible low-Income First-time Home Buyer after some rehabilitation has occurred on the property.
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	See Target Area
	Planned Activities	Cover ongoing rehabilitation/ maintenance fees until property is sold

8	Project Name	Rehabilitation/ Disposition of 3305 Morningside Street
	Target Area	Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & expand Affordable Housing for LMI Persons
	Needs Addressed	Homebuyer Assistance Program
	Funding	CDBG: \$12,000 (18-19 funding allocation)
	Description	Under this activity the property will be sold to a Low-Income First-time Home Buyer or to a Non-Profit Organization, after any necessary repairs have been completed
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	See Target Area
	Planned Activities	Cover ongoing repairs/maintenance fees until property is sold

9	Project Name	HOME Homeownership Construction Program
	Target Area	Neighborhood Revitalization Strategy Area (NRSA)
	Goals Supported	Create & Expand Affordable Housing for LMI Persons
	Needs Addressed	Affordable Housing Units
	Funding	HOME: \$562,500 (18-19 funding allocation)
	Description	Under this activity the funds will be used to construct possibly 19 homes to be sold to LMI First-time Homebuyers in the NRSA at 321 State Avenue
	Target Date	June 30, 2019
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	See Target Area
	Planned Activities	New Home Construction

10	Project Name	General Administration for CDBG & HOME
	Target Area	CITY-WIDE/NRSA
	Goals Supported	Create & expand Affordable Housing for LMI Persons Maintain Development Services in the Community Address Needs of Non-LMI Persons
	Needs Addressed	Acquisition Reuse For Affordable Housing Homebuyer Assistance for First-time Homebuyers Renter Affordability Programs; Rehabilitation/Disposition Programs Public Infrastructure Improvements Program New Construction; General Administration
	Funding	CDBG: \$114,419 (18-19 allocation funds); HOME: \$75,000 (18-19 funding allocation)
	Description	Under the activity the overall administration of the CDBG & HOME programs will occur and be expended (i.e. salaries, contractual, commodities, etc.)
	Target Date	2018-19
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	See Target Area
	Planned Activities	Overall day to day program administrative activities and expenses for both CDBG & HOME

Rationale for determining objectives

The rationale for determining the above priority objectives and outcomes continues to be 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 the meet HUD’s timely expenditure requirements.
- Funds have been included to contract for additional staff to accomplish the proposed project activities in FY 2018-19.
- All of the activities proposed would be of 90-100% benefit to low- and moderate-income persons.
- The addition of the HOME funding will only assist in reaching the goals and objectives outlined in the data.

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 remaining year in utilizing CDBG, HOME, and other local and/or state funds to address these objectives and outcomes. Therefore, we are confident that the development of this Five-Year Strategic Plan document for the City of Ames is a comprehensive, unified, cohesive vision of the strengths, gaps, and challenges of the needs of the community. It will serve as a tool to coordinate housing, community and economic development activities for the next five years, starting July 1, 2014, through June 30, 2019.

3. Evaluation of past performance

As the City of Ames nears the completion of its third 5-year Consolidated Plan period, we have been very successful in implementing the program activities over the last fifteen (15) years, which has led to having exceeded the 70% low- and moderate-income benefit expenditure threshold required by HUD. Based on reviews and monitoring by the HUD Area Field Office of the City’s performance over the last ten 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, as a result of a monitoring review by HUD, the City had no findings or concerns. This was noted to be extremely

rare. It is anticipated that this performance will continue with the implementation of the HOME program rules and regulations as well.

4. Summary of citizen participation process and consultation process

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 ongoing 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.

Due to the short time-frame available to prepare the Amendment to the 2014-18 Five-Year Consolidated Plan and update to the 2018-19 Action Plan process to incorporate the HOME funding, the citizen participation process will involve a 30-day comment period, and a public hearing as required by the regulations. The public notification will include direct mailings to Human service agencies, neighborhood associations, non-profit housing providers, Section 8 participants, faith-based organizations, and other community groups and businesses 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

The 30-day public comment period will begin Tuesday, June 26, 2018, through Thursday, July 26, 2018. The public hearing to be held with the Ames City Council is scheduled to occur on Tuesday, July 31, 2018. Summary of public comments will be placed in the "Citizen Participation Comments" attachment.

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

Comments can be seen in the "Citizen Participation Comments" attachment after the public hearing.

7. Summary

For more details, see the full version of the 2014-2018 Five-Year Consolidated Plan and update to the 2018-19 Annual Action Plan are on the City's website at www.cityofames.org/housing/CDBG.