

COUNCIL ACTION FORM

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

BACKGROUND:

At the May 8, 2018 City Council meeting, the City Council approved a resolution to continuation of the public hearing to July 31, 2018 for the submittal of the Revised Proposed 2018-19 Annual Action Plan to include the 2018-19 CDBG funding allocation increase of \$572,094 and incorporate the new allocation of HOME funding in the amount of \$601,264 for 2018-19.

Staff has been working closing with the HUD Omaha staff these past months to complete all of the required steps to receive the HOME and were informed that in addition to the "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 reported to City Council in late June, the Iowa Finance Authority (IFA) agreed to transfer \$148,736 in HOME funds to the City of Ames to reach the \$750,000 funding threshold requirement. This is a one-time grant of funds to the City.

Therefore, staff proposes the following budget and program "revisions" for the redistribution of the additional amount of CDBG and HOME shortfall funds for the 2018-19 proposed Action Plan projects.

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	\$ 600,000
18-19 Anticipated Program Income	\$6,000	\$ 6,400
Total 2018-19	\$1,143,457	\$1,178,494
Non-CDBG Revenue Resources (GO Bond)	\$250,000	\$250,000
Grand Total Revenues	\$1,393,457	\$1,428,494

REVISED Proposed 2018-19 CDBG Program Action Plan Activities and Expenses		
	Proposed	Revised
Homebuyer Assistance Program	\$200,000	\$180,000
Public Infrastructure Improvements Program for State Ave. (Includes CDBG and GO Bond funds)	\$836,000	\$840,000
Public Infrastructure Program Delivery costs (Engineering, etc.)	\$80,000	\$80,000
Renter Affordability (Deposits, First Month's Rent & Transportation, Assistance) Programs	\$35,000	\$40,000
Disposition of Stafford, & 6 th St. Properties	\$0.00	\$1,075
Rehabilitation/Disposition of 241 Village Drive	\$0.00	\$21,000
Rehabilitation/Disposition of 3305 Morningside	\$0.00	\$12,000
Acquisition/Reuse Affordability Program	\$140,354	\$140,000
Total Programming	\$1,291,354	\$1,314,075
2018-19 Program Administration	\$102,103	\$114,419
Grand Total	\$1,393,457	\$1,428,494

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

Proposed 2018-19 HOME Activities and Expenses	
	Proposed
New Home Construction at 321 State	\$675,000
Total Programming	\$675,000
2018-19 Program Administration	\$75,000
Grand Total	\$750,000

Staff's rationale for recommending these project activities for 2018-19 both Programs continues to be:

- 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 the REVISED 2018-2019 Proposed Annual Action Plan and budget that included the increased to the 2018-19 CDBG funding allocation in amount of \$572,094, and the new 2018-19 HOME funding in the amount of \$750,000.
2. The City Council can modify, and then approve, the REVISED Proposed 2018-2019 Annual Action Plan programs and budget.
3. The City Council can decline to approved REVISED 2018-2019 Proposed Annual Action Plan and budget with HOME Funds.

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 and now 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, this document must be approved.

The City's required CDBG timeliness test by HUD will still occur on May 2nd, **which could mean that approximately \$200,000+ could 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 REVISED 2018-2019 Proposed Annual Action Plan and budget that must be submitted to HUD to on or before August 16, 2018.