

**COUNCIL ACTION FORM**

**SUBJECT: PROPOSED 2020-21 ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG), HOME, AND CV-CARES PROGRAMS**

**BACKGROUND:**

As part of the City's approved 2019-23 Five-Year Community Development Block Grant (CDBG) and HOME Consolidated Plan, the City must submit an Annual Action Plan that outlines the proposed activities and budget to be implemented in the coming year. Those activities should be consistent with the goals and priorities identified in the Consolidated Plan. The goals and priorities that the City identified in its 2019-23 Consolidated Plan are outlined in **Attachment 1** along with the housing barriers that were identified 2019 Fair Housing Impediments Study.

The activities identified in the Annual Action Plan should address the housing and community development needs of low- and moderate-income persons as well as the housing and community development needs of non- low- and moderate-income persons in the community. The Annual Action Plan can address **one or all** of the goals and priorities of the housing and community development needs identified in the Consolidated Plan.

HUD regulations require that the Annual Action Plan be submitted for approval within 45 days before the beginning of the program fiscal year (i.e., by May 17, 2020). However, when the Coronavirus Pandemic struck, staff was in middle of preparing the proposed 2020-21 Action Plan projects for the required 30-day citizen comment period. The proposed project activities approved by City Council at its February 25, 2020 meeting are outlined in Attachment 2.

**Because of the Pandemic, completion of the 2020-21 Action Plan was placed on hold in order for the City to prepare to implement a CDBG-CV CARES (COVID-19) program to respond to the pandemic impact on low- and moderate-income households in the community.**

In October 2020, the City was notified that the 2020-21 CDBG and HOME funding allocations for: \$602,550 in CDBG funds and \$468,577 in HOME funds. In addition to our annual allocation, the City of Ames has been awarded CV-CDBG CARES (COVID-19) funds in the amount of \$354,515 in Round 1 funding and will receive \$356,455 in Round 3 funding. In order to receive these funds, the City was required to amend its 2019-20 Action Plan separately for each round of funding which covers amendments 2 and 3.

Many changes have occurred since the initial proposed 2020-2021 Annual Action Plan projects from February 2020. **The updated project proposals are part of Attachment 2.**

The following revised program projects address the needs outlined in the Consolidated Plan data:

1. Utilize both CDBG funds to complete the Baker Subdivision at 321 State Avenue Subdivision which will include public infrastructure.
2. Utilize CDBG to acquire, demolish, or rehabilitate deteriorated housing city-wide (possibly converting single rentals back to single family home ownership); to sell or transfer these lots or houses to non-profit housing organizations to provide to low-income households for rent or purchase.
3. Utilize HOME funds to construct new single-family homes in the Baker Subdivision at 321 State Avenue and provide down payment and closing cost assistance for low-and-moderate- income first-time homebuyers to purchase these homes.
4. Utilize Round 1 and 3 of the CV-CDBG CARES (COVID-19) funds to assist low-and-moderate- income households with Rent, Mortgage and Utility Assistance.

Staff believes that focusing on these projects for the 2020-21 program year will help make an impact on the needs outlined from the data, while accomplishing program projects that have been adopted in the previous action plans that have not been completed. **It is important to remember that with both CDBG and HOME funds, the City Council can redirect programming each year to accomplish housing needs in the community.**

Staff's rationale for recommending continuing these project activities for 2020-21 is as follows:

- The project activities are consistent with the recently adopted 2019-23 Five-Year Consolidated Plan goals. The two barriers identified in the 2019 Impediments to Fair Housing Analysis Study included the supply of lower income rental housing and the cost of both rental and ownership housing. 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.

To date, staff has not received any comments from the public regarding these proposed projects for 2020-21.

**ALTERNATIVES:**

1. Approve the proposed 2020-21 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant, HOME and CARES Programs, and direct staff to submit the plan for approval by HUD no later than February 28, 2021.
2. **Modify and approve** the proposed 2020-19 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant Program, HOME and CARES Programs, and direct staff to submit the plan for approval by HUD no later than February 28, 2021.
3. Refer this item back to staff for further information.

**CITY MANAGER'S RECOMMENDED ACTION:**

Although there has been a delay in the process of approving an Annual Action Plan for this year, it is necessary to approve the Plan in order for the City to receive the identified funding and to implement the proposed projects.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.

## **ATTACHMENT 1**

### **2019-23 Five-Year Consolidated Plan Goal and Priorities**

**Utilize and leverage CDBG and HOME Funds through “private, non-profit and public” partnerships to:**

1. To create and expand affordable housing for low-income households through:
  - Increase supply of single family or two-family housing for ownership in the Neighborhood Revitalization Strategy Area (NRSA);
  - Reduce the cost burden for low-income households to access or maintain rental housing citywide
  - Increase the affordability and availability of owner housing for homebuyers citywide

### **2019-20 Fair Housing Impediments Study Barriers and Needs**

1. The supply of housing for lower income households for renting; and
2. The cost of housing for lower income households for both renting and home buying.

**The major difference from the 2014-19 data, is that the cost of housing is now #1 and the availability is of housing is now #2.**

## ATTACHMENT 2

| <b>Proposed 2020-21 Action Plan Expenditure Budget:</b>  |   |
|--|---|
| <b>Programs</b>  | <b>Budget</b>   |
| Continue Public Infrastructure Improvements Program for Baker Subdivision (321 State Avenue) NRSA (including Engineering costs+ GO Bond) | \$1,262,300<br>\$244,914  |
| Rehabilitation/Disposition of 241 Village Drive  | \$9,408   |
| Acquisition/Relocation/Demolition of 148 S. Franklin   | \$29,649  |
| Despositon of 6 <sup>th</sup> Street Properties  | \$1,223   |
| HOME Homebuyer Assistance Program  | \$249,928   |
| HOME Homeownership Construction Program  | \$600,482   |
| HOME for Low Income Housing Tax Credit (LIHTC) Assistance  | \$350,000   |
| CV-CDBG CARES Rent, Mortgage & Utility Relief Assistance (Round 1)   | \$347,425   |
| CV-CDBG CARES Rent, Mortgage & Utility Relief Assistance (Round 3)   | \$325,455   |
| General Administration for CDBG, HOME & CARES  | CDBG: \$120,510<br>HOME: \$154,725<br>CARES 1: \$ 7,090<br>CARES 3: \$ 31,000 |
| <b>Total</b>   | <b>\$3,734,109</b>  |
| <b>PROPOSED 2020-21 Action Plan Revenue Budget:</b>  |   |
| 2020-21 CDBG Allocation  | \$602,550   |
| 2019-20 CDBG Program Rollover  | \$659,750   |
| 2020-21 CDBG Anticipated Program Income  | \$340,694   |
| Non-CDBG Revenue-GO Bonds  | \$249,805   |
| 2020-21 HOME Allocation  | \$468,577   |
| 19-20 HOME Anticipated Program Rollover  | \$956,844   |
| Adjustment for HOME CHDO Set-Aside   | -\$255,081  |
| CV-CDBG CARES (COVID-19) Round 1   | \$354,515   |
| CV-CDBG CARES (COVID-19) Round 3   | \$356,455   |
| <b>Grand Total CDBG &amp; HOME</b>   | <b>\$3,734,109</b>  |