

COUNCIL ACTION FORM

SUBJECT: 2021-22 PROPOSED ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME PROGRAMS

BACKGROUND:

City Council reviewed draft CDBG and HOME programs for the upcoming Annual Action Plan at their March 23rd meeting and directed staff to proceed with public outreach on the draft programs and budget. On May 12th and 13th, City staff hosted online public forums to gather input regarding possible projects for consideration for the 2021-22 CDBG/HOME Annual Action Plan as part the City's Entitlement Program. Four persons attended and participated in the forum discussions, including representatives from The Bridge Home (formerly the Emergency Residence Project (ERP), Good Neighbor, and an Ames resident. Staff also received an email comment from a City resident.

The following agenda was presented, and the forum attendees were given the opportunity to participate in a group discussion regarding the agenda items:

1. Basic overview of the CDBG, HOME and CARES-CV Programs
2. Review of the Consolidated Planning Requirements.
3. Overview of the Five-year Goals and Priorities created for 2019-23
4. Proposed 2021-22 Annual Action Plan Projects
5. Group feedback and
6. Tentative Timeline for next steps

The public feedback was centered around the need to continue to address affordable housing and neighborhoods. Staff has summarized the public comments and primary questions about funding options as follows:

- If funding could be used to provide more affordable rental housing units? Also, what is the City's long-term plans for increasing the availability of affordable rental housing units for "families with children" (Commenter suggested that Story County will be needing an additional 20,000 units to have units "available")
- If funding could be used to contract with non-profits to help the City implement their programs and/or public service programs?
- If funding could be used to provide grants to private entities to help create affordable housing with by helping initial capital costs (i.e., down payment or fees and other upfront costs)?
- If funding could be used to install a gazebo in a neighborhood?

Staff's takeaway from the public input was that there still seems to be a continued consensus that affordable housing and neighborhood investment is needed in the

community.

Initially, on February 25th the federal Housing and Urban Development Department (HUD) notified the City that it will be receiving for the 2021-22 program year, \$590,475 in CDBG funds (which is a \$12,075 decrease from 2020) and \$350,543 in HOME funds (which is a \$118,034 decrease from 2020). **However, on May 13th, HUD notified the City of a correction being made in our 2021-22 CDBG allocation amount, which was adjusted from the \$590,475 to \$599,177 (which is a \$8,702 increase above the February amount).**

Staff is recommending the proposed programs as was initially outlined to City Council in March. The proposed programs and budget for the 2021-22 Annual Action Plan are listed in Attachment A. Of the additional \$8,702 in CDBG funding, \$1,740 was added to administration (20%) for a total budget of \$119,835 and the remaining balance of \$6,962 was added to the Acquisition/Reuse for Slum/Blight Program for a total budget of \$279,342.

Of the \$350,543 of HOME funds, approximately \$297,962 (excluding-15% CHDO set aside of \$52,581) is available for administration and programming for 2021-22. Staff under this program is anticipating a rollover balance of approximately \$1,370,464 remaining from program years 2018-19, 2019-20, and 2020-21. Total projected Revenue of \$1,668,426 (including administration).

The budget will include an anticipated rollover balance of Round 3 CARES (COVID-19) funds of approximately \$215,000 including administration. The total recommend budgets for all three federal programs is projected to be approximately \$ 2,897,603.

With the overarching need to expand the supply of affordable housing for low- and moderate-income households, staff believes that this can best be accomplished through the implementation of the Homebuyer Assistance Program, New Home Construction Program, Public Infrastructure Improvements Programs and Acquisition/Reuse Program for housing and commercial area, and for the CARES (COVID-19).

Notably with the CDBG program there is an allowance to use up to 30% our funds for **non-low and moderate benefit** in order to address other needs in the community. In that we are in the last year of our three-year cycle (2020-2023) to spend at least 70% of our CDBG funding for a low and moderate benefit, presents a good opportunity to utilize the 30% for a slum and blight program without putting ourselves at risk of not meeting the low- and moderate-income targets. It is anticipated at the end of the 2020-21 Fiscal Year; we will have spent at least 90% of our three-year allocation on benefitting low- and moderate-income households. Therefore, the proposed Action Plan includes \$279,342 for slum and blight removal.

In addition to the funding update, on May 13th HUD announced that in order to address an error in the Fiscal year (FY) 2021 allocation, and to help grantees/entitlement cities expedite the submittal of their Annual Action Plans in order to be able to implement need programs to the communities, **HUD is waiving the required 30-day public comment period down to a three (3) day comment period.**

ALTERNATIVES:

1. The City Council can approve the proposed 2021-22 Annual Action Plan Program Projects and proposed budget (Attachment A) and set August 10th as the date of public hearing for approval of submitting the plan to HUD on or by August 16, 2021.
2. The City Council can approve the proposed 2021-22 Annual Action Plan Program Projects and proposed budget (Attachment A) and set August 10th as the date of public hearing for approval of submitting the plan to HUD on or by August 16, 2021, **with modifications.**
3. The City Council can refer this item back to staff with further direction.

CITY MANAGER'S RECOMMENDED ACTION:

Although there was not a high level of participation in the Public Forums, those who attended, the highest priority centered around affordable housing for low-income families and how funds could be used to increase the supply of affordable rental housing. The City's Plan addresses this with support for affordable housing development in Baker Subdivision as well as with the separate Acquisition/Reuse for affordable housing program. All of the proposed programs help address the needs identified in the 2019-23 Five-Year Consolidated Plan.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, thereby approving the proposed 2021-22 Annual Action Plan Program Projects and proposed budget (Attachment A) and set August 10th as the date of public hearing for approval of submitting the plan to HUD on or by August 16, 2021.

ATTACHMENT A

2021-22 Proposed CDBG/HOME Annual Action Plan Projects and Budget

Proposed 2021-22 Action Plan Expenditure Budget:	
Programs	Budget
CDBG Acquisition/Reuse Program for Affordable Housing (including demolition)	\$200,000
CDBG Acquisition/Reuse Program for Slum/Blight Removal (including demolition)	\$279,342
CDBG Public Infrastructure Improvements Program for Baker Subdivision (including Engineering costs)	\$415,000
CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance	\$200,000
HOME Homeownership Construction Program	\$762,265
HOME Down Payment Assistance	\$381,382
HOME LIHTC Multi-Family Assistance	\$350,000
General Administration for CDBG, HOME & CARES	CDBG: \$119,835 HOME: \$174,779 CARES: \$15,000
Total	\$2,897,603
PROPOSED 2021-22 Action Plan Revenue Budget:	
2021-22 CDBG Allocation	\$599,177
2020-21 CDBG Program Rollover	\$365,000*
2021-22 CDBG Anticipated Program Income	\$50,000*
2020-21 CDBG-CV CARES	\$215,000
2021-22 HOME Allocation	\$350,543
2021-22 HOME Anticipated Program Rollover	\$1,370,464
2021-22 HOME CHDO Set Aside	-\$52,581
Grand Total CDBG & HOME	\$2,897,603

*City Council should note that the anticipated revenue for the CDBG program rollover and the anticipated program income are cautious estimates being projected by staff.