

COUNCIL ACTION FORM

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

BACKGROUND:

At its March 23rd meeting, City Council reviewed draft CDBG and HOME programs for the upcoming Annual Action Plan and directed staff to proceed with public outreach regarding 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.

On May 13th, HUD notified the City of a correction being made in our 2021-22 CDBG allocation, which resulted in an increase to \$599,177. The allocation for HOME funds for FY 2021-22 remain in the amount of \$350,543. Due to this funding update, HUD announced that in order to address an error in the FY 2021 allocation, and to help grantees/entitlement cities expedite the submittal of their Annual Action Plans, **HUD has reduced the required 30-day public comment period to a three-day comment period.**

At the May 25, 2021, City Council meeting, City Council reviewed feedback from Public Forums (see Attachment C) and directed staff to proceed with preparing a proposed 2021-22 Annual Action Plan for public comment. The Plan was made available for public comment from July 31st through August 3rd. **Public input received during the comment period is listed on Attachment B.**

Staff is recommending approval of the programs that were initially outlined to City Council in March, except that the description for the Acquisition for Slum and Blight will be expanded to included acquisition/use for public facilities and/or public infrastructure type projects.

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 slum/blight/public facilities/public infrastructure areas. Additionally, the City will continue to administer the CARES funds.

Notably with the CDBG program there is an allowance to use up to 30% of our funds for

non-low and moderate benefit in order to address other needs in the community. Since 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, this year presents a good opportunity to utilize up to 30% of our funds 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 the City will have spent at least 90% of our three-year allocation to benefit low- and moderate-income households. Therefore, the proposed Action Plan includes \$304,342 which can be used for slum and blight removal and/or for public facility or public infrastructure improvements.

The proposed programs and budget for the 2021-22 Annual Action Plan are listed in Attachment A. Of the \$599,177 in CDBG funding, approximately \$119,835 (20%) has been allocated for administration. The anticipated proposed budget also includes 2020-21 rollover funds and anticipated program income that has been outlined in Attachment A.

Of the \$350,543 of HOME funds, approximately \$35,054 (10%) has been allocated for administration and includes rollover administration and program funding from previous years. Also, the budget has been reduced by approximately -\$52,581 (15%) for a CHDO set aside that is required by HUD.

The Action Plan budget will also include an anticipated rollover balance of Round 3 CARES (COVID-19) funds of approximately \$225,256, including administration. The total recommend budgets for all three federal programs is projected to be approximately \$3,001,699.

ALTERNATIVES:

1. Approve the proposed 2021-22 Annual Action Plan Program Projects and proposed budget (Attachment A) in connection with the City's CDBG/HOME programs and direct staff to submit the plan for approval by HUD on or by August 16, 2021.
2. Approve the proposed 2021-22 Annual Action Plan Program Projects and proposed budget (Attachment A) in connection with the City's CDBG/HOME programs **with modifications**, and direct staff to submit the plan for approval by HUD on or by August 16, 2021.

CITY MANAGER'S RECOMMENDED ACTION:

Although there was not a high level of participation in the Public Forums, those who attended indicated the highest priority centered around increasing the supply of 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. All of the proposed programs help address the needs identified in the 2019-23 Five-Year Consolidated Plan.

CDBG funds continue to bring the City a unique opportunity to use federal funding to address our housing and community development priorities. In order to qualify for receipt of these funds over the next fiscal year, this document must be approved.

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

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)	\$264,000
CDBG Acquisition/Reuse Program for Slum/Blight Removal/Public Facilities/Public Improvements (including demolition)	\$304,342
CDBG Public Infrastructure Improvements Program for Baker Subdivision (including Engineering & Legal costs)	\$419,487
Rehabilitation/Disposition of 241 Village	\$11,000
CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance	\$225,256
HOME Homeownership Construction Program (Baker Subdivision)	\$745,015
HOME Down Payment Assistance	\$383,632
HOME LIHTC Multi-Family Assistance 2,702,732	\$350,000
General Administration for CDBG, HOME & CARES	CDBG: \$119,835 HOME: \$169,132 CARES: \$10,000
Total	\$3,001,699
PROPOSED 2021-22 Action Plan Revenue Budget:	
2021-22 CDBG Allocation	\$599,177
2020-21 CDBG Program Rollover	\$419,487*
2021-22 CDBG Anticipated Program Income	\$100,000*
2020-21 CDBG-CV CARES Rollover	\$235,256
2021-22 HOME Allocation	\$350,543
2020-21 HOME Anticipated Program Rollover	1,297,236
Grand Total CDBG & HOME	\$3,001,699

***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.**

ATTACHMENT B

Public Input received during Comment Period July 31 to August 3

From: Hauptman, John M [PHYSA] <hauptman@iastate.edu>
Sent: Tuesday, August 03, 2021 2:03 PM
To: Baker-Latimer, Vanessa <vanessa.bakerlatimer@cityofames.org>
Subject: Ames neighborhoods

[External Email]

Dear Vanessa,

please accept these several suggestions; you can contact me for any further comments or clarifications. I have lived in Ames (as a professor at ISU) for 40 years, in one house, in one neighborhood, and I have seen many changes in Ames.

Let me preface everything with the comment that healthy neighborhoods beget higher valued homes and a better tax base for Ames. Also, neighborhood schools allow students to walk and bike to school, reducing overall costs to the school district, which comes from tax funds, by eliminating the expensive buses and their drivers. Obviously, it is better for the students, too.

1. There are many neighborhoods in Ames that once had an elementary school, but the schools were closed, people moved out, and the neighborhoods have become industrial: the area between Lincoln and the railroad tracks, between Lincoln and S. Fourth. I could supply a map of Ames to be more precise. Loan sharks and pay-day sharks and pawnbrokers line Lincoln in this area. It is not a good sight for people coming into Ames.
2. Crawford elementary school was closed many years ago. The south of campus area is now, it seems to me, to be slated for student apartments. This may look good to local developers and maybe even to the city, but it will not be a healthy neighborhood.
3. A good solution is to reopen Crawford as a two-unit elementary school, one unit as magnet school, the second unit as a regular elementary school. Faculty who work at ISU can drop off and pick up their kids easily. Neighborhood children can walk and bike to school. Every winter, I see children huddled together at school bus stops, in the snow and sleet and rain, with one parent as security.
4. The Crawford apartments can be a magnet school with small rooms (former apartments) for music, geography, mathematics, science experiments, etc. The playground can easily be enlarged by taking the railroad right-of-way (now used for apartment parking), the small sports equipment building (unused and unchanged for 40 years, as far as I can tell), and the three old houses on the corner of Stanton and Knapp. The underground parking is sufficient for teachers and parent pick-up and drop-offs.
5. There are many sizes and styles of homes in this neighborhood, and restoring the elementary school will return the whole area, Welch and the student areas, Country Club Dr., the sports complex, as far West as State Ave, South beyond Mortensen, East

beyond ISU Center, etc., into a healthy higher-valued area of Ames. It might even be a showcase for a healthy Iowa city.

6. It seems to me that Ames has gone in the direction of huge schools, and closing the small schools. This may make sense for a budget, but I would like to see the costs of buses compared to any economy of scale. Not every elementary school needs a full-time principal, half-time is enough. And the costs to students and parents in time and scheduling of moving kids around every day.

7. The middle school used to be what is now City Hall. It became the cheaply-built middle school on State St. (which rained indoors when it rained outdoors, and was demolished), and the middle school is now a huge building far out on Mortensen to which nearly everyone is bussed in, driven in, every day. I cannot see this as leading to a healthier city.

8. There is more to be said, but I need to talk with a map.

Scientific American magazine published an article on healthy cities. This involves many things, and requires foresight by city manager. Simply going for single-year budget savings, and losing more in the long run, is not the way to form a good and proud city.

best regards,
John Hauptman
2328 Donald St.

ATTACHMENT C

Public Forum Feedback May 12th and 13th

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.