

COUNCIL ACTION FORM

**SUBJECT: PROPOSED 2025-26 ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME PROGRAMS
PUBLIC FORUMS FOLLOW-UP**

BACKGROUND:

As part of the City's approved 2024-29 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 upcoming year. Action Plan activities should be consistent with the goals and priorities identified in the Consolidated Plan.

The Consolidated Plan goals address support for creating and sustaining affordable housing for low- and moderate-income households and for non-low- and moderate-income households, with specified outcomes related to each goal. The specific goals and outcomes are part of Attachment 1.

PUBLIC INPUT:

Public input was obtained through an in-person event and a survey. On March 13, 2025, City staff hosted in-person public forums to gather input regarding possible projects for consideration for the 2025-26 CDBG/HOME Annual Action Plan. Five individuals attended the in-person forums. Attendees included representatives from Central Iowa Regional Housing Authority (CIRHA), Story County General Assistance, YSS, Story County Community Housing Corporation, and one resident of Ames (see Attachment II for the input).

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 HOME-ARP Programs
2. Review of the Consolidated Planning Requirements.
3. Overview of the Five-Year Goals and Priorities created for 2024-29
4. Proposed 2025-26 Annual Action Plan Projects
5. Group feedback
6. Tentative Timeline for next steps

The 2025-26 Annual Action Plan PowerPoint presentation is available on the Housing Division's website, <https://www.cityofames.org/My-Government/Departments/Housing>.

Additionally, staff gathered input through a CDBG/HOME survey of approximately 87 interested CDBG followers. Eleven responses were received (see Attachment III for the results).

As listed in Attachments II and III, the public feedback focused on providing more affordable housing, assistance to non-profit organizations for shelter rehabilitation, neighborhoods, and programs for low-income households.

DRAFT ANNUAL ACTION PLAN:

The Annual Action Plan can address one or all of the goals and outcomes of the housing and community development needs identified in the Consolidated Plan. Staff has proposed specific projects and budget allocations based upon public feedback, HUD guidelines, and HUD staff guidance for budgeting and programming for the upcoming fiscal year. HUD guidelines outline the following key steps for establishing programs:

- Determine if the proposed activity is included in the list of eligible activities
- Determine if the proposed activity meets the City's Consolidated Plan priority goals for addressing the needs of low- and moderate-income persons within the community
- Determine if the proposed activity can meet one or more National Objectives
- Ensure that carrying out the activity will meet HUD's requirement that 70% of the grantee's CDBG expenditure, over a three-year period, will be on activities that benefit low- and moderate-income households
- Meet the performance measurements requirements.

Although the President signed the 2025 Continuing Resolution (CR) on March 13, the 2025 CDBG and HOME funding allocations for entitlement cities have not yet been announced, which means that the Action Plan cannot be submitted to HUD until the 2025-26 allocations are announced. Therefore, the 2024-25 CDBG Allocation of \$543,122 and HOME Allocation of \$256,483 are being projected. If the new allocation amounts are lower than the 2024-25 allocations, staff will adjust all programs equally. If the allocation amounts are higher, staff will increase the Public Infrastructure Water System Improvements Program in LMI Census Tract 10 by 70% and the Public Facilities Rehabilitation Program by 30% of the increased amount.

It has been highly encouraged that the staff proceed with determining the 2025-26 Annual Action Plan Projects to be prepared to meet the federal timelines when announced. Staff believes there is substantial emphasis at this time on clear and implementable projects that need to align with HUD administrative guidance. Therefore, staff recommends that the Council approve the use of allowed administration set-asides and the following 2025-26 Action Plan Projects (**see Attachment IV-A, which outlines the proposed 2025-26 CDBG Projects, and IV-B, which outlines the proposed 2025-26 HOME Projects**).

- **Continuing 2024-25 projects into the next fiscal year:**
 - Renter Affordability Program—\$80,118
 - Homebuyer Assistance Program—\$260,000
 - Single-Family Housing Rehabilitation Program—\$274,000
 - Public Infrastructure Improvements-Sidewalk Repair Program—\$67,748
 - Disposition of Properties—\$15,000
- **Adding new 2025-26 Projects:**
 - Public Facilities Rehabilitation Program for area non-profit organizations funded through ASSET-\$150,000
 - Public Infrastructure Water System Improvements Program in LMI Census Tract 10, specifically, S. Riverside and S. Russell streets- \$1,442,284. (Continuation of previous program with new projects)

The proposed revenue for CDBG for 2025-26 includes the following three sources:

1. Revenue of \$534,122 based on the current year allocation (Note: HUD has not yet provided the City with its allocation amount)
2. Program income from the sale of three Habitat home lots in Baker Subdivision (\$134,830) along with the projected sale of five of the eleven market-rate lots in Baker Subdivision (avg. of \$74,955 per lot, totaling \$374,775)
3. Projected 2024-25 rollover balance of approximately \$1,352,247

This higher than anticipated 2024-25 large rollover balance is due to the City not receiving its grant agreements from HUD in a timely manner over the past two years, and from the suspension of projects being implemented from a HUD Environmental Monitoring review back in the spring of 2024. This has caused the City not to meet the required timely expenditures of funds for the current 2024-25 program year.

The high rollover balance with the 2025-26 allocation is likely to result in the City receiving a second untimely expenditure of funds in May 2026 if there is not a significant drawdown of funds quickly for implementation of projects. Therefore, HUD has encouraged staff to implement higher-cost projects that will assist in meeting the timeliness test. A second instance of not meeting the timeliness test could result in a reduction of funds to the City, and is a priority for staff to avoid.

The recommendation of prioritizing the implementation of the Public Infrastructure Water System Improvements Program in LMI Census Tract #10 will not only assist with the timely expenditure of funds but also help to meet the required 70% of funds being spent on LMI Benefit.

For the HOME Program, staff is also recommending continuing the projects from 2024-25:

- New Single Family Home Construction—\$476,161
- Tenant-Based Rental Assistance Program (TBRA)-\$200,000
- Close Out of the LIHTC Project- \$210,000)
- Along with the set-asides for administration and CHDO designation.

No new programs are proposed for HOME. The proposed revenue for HOME for 2025-26 is the \$256,483 allocation based upon last year's allocation and the projected 2024-25 rollover balance of \$990,897.

NEXT STEPS:

Once the City Council provides directions for the proposed 2025-26 Annual Action Plan projects, staff will proceed with preparing the Annual Action Plan for the 30-day public comment period in preparation for the announcement of the 2025-26 allocations. The proposed budget presented to the Council with this report will be adapted to final allocation amounts provided by HUD and included in the public draft.

In addition to the above information gathered from the City's processes, the City Council should note that HUD has made significant changes regarding meeting the President's directive on reducing federal programs. As of May 1, the HUD staff has been reduced to approximately 55% of its workforce across the country. The timing of allocations is unknown but expected within the next two weeks. Staff believes that with the allocation information, the turnaround on submitting to HUD for approval of the Action Plan will be at the minimum amount of statutory allowances. Staff anticipates completing public comments and returning for final approval in July or August.

ALTERNATIVES:

1. Approve the proposed draft 2025-26 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant and HOME Programs, as outlined in Attachments IV A-B, and direct staff to begin preparing the plan for the public comment period once the actual allocations have been announced by HUD. Staff will set a date of public hearing once a schedule has been determined with the allocations.
2. Approve the proposed draft 2025-26 Annual Action Plan Program Projects and proposed budget in connection with the City's Community Development Block Grant and HOME Programs, as outlined in the Attachments, **with modifications**.
3. Refer this item back to staff with further directions.

CITY MANAGER'S RECOMMENDED ACTION:

The timeframe for the submittal of the 2025-26 CDBG and HOME Action Plan for the City of Ames is typically on or before May 17. With the federal allocations not announced at this time, staff needs to begin the process of soliciting public feedback for proposed projects in the Action Plan projects.

Outlining draft proposed projects while utilizing the 2024-25 allocations amounts for budgeting projections helps in determining the most needed projects in conjunction with the 2024-29 Consolidated Plan Goals and Priorities along with City Council priorities.

This action to identify an Action Plan will also allow staff to make adjustments to the amounts, depending on whether the federal allocations are higher or lower than the current year, **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, as described above.**

A date of public hearing cannot be set at this time. The latest a hearing could occur is August 12, 2025 for approval of submitting the Plan to HUD by August 16, 2025.

ATTACHMENT(S):

[Combined Attachments 1-4.pdf](#)