

ITEM #:	<u>46</u>
DATE:	<u>08-12-25</u>
DEPT:	<u>P&H</u>

COUNCIL ACTION FORM

SUBJECT: PUBLIC HEARING ON RESOLUTION APPROVING SUBMITTAL OF 2025-2026 ANNUAL ACTION PLAN FOR THE CITY'S COMMUNITY DEVELOPMENT (CDBG) AND HOME PROGRAMS

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 FY 2025/26. 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, as well as for non-low- and moderate-income households, with specified outcomes related to each goal. The specific goals and outcomes are part of Attachment I.

Attachments I-IV-B from the May 13, 2025, City Council meeting can be viewed at this link: [Prior Attachments I-IV-B](#)

PUBLIC FORUMS INPUT:

Public Forum input was obtained through an in-person event and a survey. On March 13, 2025, City staff hosted in-person public forums to gather feedback 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).

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).

The public feedback focused on providing more affordable housing, assistance to non-profit organizations for shelter rehabilitation, neighborhoods, and programs for low-income households.

On May 13, 2025, staff presented the public forum comments and proposed project for the 2025-26 Annual Action Plan. However, in that HUD had not announced the 2025-26 CDBG/HOME Allocations, the project budget was based on the 2024-25 CDBG/HOME Allocations. Due to time constraints in preparing the plan, providing for a 30-day comment period, and conducting a public hearing to submit the plan by the statutory deadline of August 16th, staff recommended and City Council approved the following allocations scenarios: 1) If the new allocation amounts are lower than the 2024-25 allocations, staff will adjust all

programs equally. 2) If the allocation amounts are greater, 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.

Based on the above information, the City Council directed staff to prepare the 2025-26 Annual Action Plan for a 30-day comment period.

On May 14, 2025, HUD notified the City that for the fiscal year 2025-26, our CDBG allocation would be \$552,927 (a \$18,805 increase from 2024), and our HOME allocation would be \$278,382.26 (a \$21,895.26 increase from 2024).

Given that both allocations were increases, staff revised the 2025-26 project budgets as outlined in Attachment IV-A for the CDBG projects and Attachment IV-B for the HOME projects. Below is a summary of the revised project highlights consistent with the attached proposed budgets. In addition to the program funding, administrative set asides are also accounted for in the attached budgets.

CDBG Continuing 2024-25 projects into the next fiscal year:

- Renter Affordability Program—\$80,118
- Homebuyer Assistance Program—\$234,000
- Single-Family Housing Rehabilitation Program—\$248,000
- Public Infrastructure Improvements-Sidewalk Repair Program—\$67,748
- Disposition of Properties—\$15,000
- Public Facility Improvement Program (Pocket Park Baker Subdivision) \$15,824
- Public Infrastructure Water System Improvements Program in LMI Census Tract 10, specifically, North Russell \$18,825

CDBG New 2025-26 Projects:

- Public Facilities Rehabilitation Program for area non-profit organizations funded through ASSET-\$154,513
- Public Infrastructure Water System Improvements Program in LMI Census Tract 10, specifically, S. Riverside and S. Russell streets- \$1,408,826; (Continuation of previous program with new projects).

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

1. Revenue of \$552,927 based on the current year allocation
2. Program income from the sale of three Habitat home lots in Baker Subdivision (\$150,000), 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 \$1,290,907

HOME Continuing 2024-25 projects into the next fiscal year:

- New Single-Family Home Construction- \$492,798
- Tenant-Based Rental Assistance Program (TBRA)- \$200,000
- Close Out of the LIHTC Project (Creekside)- \$210,000

No new programs are proposed for the HOME program.

The proposed revenue for HOME for 2025-26 is the \$278,382 annual allocation and the projected 2024-25 rollover balance of \$991,110.

PUBLIC COMMENT:

The proposed plan and budget was made available for public comment from July 9th through August 7, 2025. One comment was received during the comment period (see attached). The commenter requests the City consider a subsidy or cost reduction program related to garbage collection.

Considering all the feedback received, the staff recommends that we proceed with the proposed revised projects and budget for the 2025-26 Annual Action Plan, as presented (see Revised Attachments CDBG-IV-A and HOME-IV-B). The proposed projects align with the goals and priorities outlined in our 2024-2029 5-Year Consolidated Plan.

ALTERNATIVES:

1. City Council can adopt a Resolution to approve the proposed 2025-26 Annual Action Plan Program Projects and budget (Revised Attachments IV-A, IV-B) and authorize the submittal of the plan to HUD on or by August 16, 2025.
2. City Council can adopt a Resolution to approve the proposed 2025-26 Annual Action Plan Program Projects and budget (Revised Attachments IV-A, IV-B) and authorize the submittal of the plan to HUD on or by August 16, 2025, with modifications.

CITY MANAGER'S RECOMMENDED ACTION:

All of the projects will continue to help address the needs identified in the 2024-29 Five-Year Consolidated Plan. Part of the program planning includes consideration of spending requirements for timeliness. The substantial water infrastructure program assists a low income neighborhood and will substantially assist the City in meeting its timeliness test for expenditures. Implementation of all the programs will be dependent on HUD staffing and program support along with local staffing. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1.

ATTACHMENT(S):

[CDBG-HOME 2025-26 Budget Attachment IV-A Revised](#)
[HOME 2025-26 Budget Attachment IV-B Revised](#)
[Attachment B-30-Day Comment.pdf](#)