

COUNCIL ACTION FORM

SUBJECT: 2022-23 PROPOSED ANNUAL ACTION PLAN PROJECTS FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME PROGRAMS

BACKGROUND:

City Council reviewed the draft CDBG and HOME programs at the March 22 meeting and directed staff to proceed with public outreach on the draft programs and budget. On April 14, City staff hosted in-person and virtual public forums to gather input regarding possible projects for consideration for the 2022-23 CDBG/HOME Annual Action Plan as part the City's Entitlement Program.

Staff shared the results of the forums with City Council on April 26, which is summarized as follows: Nine (9) persons attended the in-person forum, and three (3) persons attended the virtual forum. Attendees included representatives from The Bridge Home, Good Neighbor, Home Allies, Chamber of Commerce, Amos, and three (3) citizens from Ames.

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:

- Seek new proposals for the HOME Program LIHTC project in the Baker Subdivision.
- Prefer that funds are spent on brick and mortar.
- Support to continue with current developer for LIHTC project.
- Need a variety of bedroom sized units.

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

As shared at the April 26 City Council meeting, although the President signed the 2022 omnibus appropriations bill on March 15, the 2022-23 CDBG and HOME funding allocations for entitlement cities had not yet been announced. HUD advised entitlements to project their current 2021-22 CDBG allocation of \$599,177 and HOME allocation of \$350,543 for budgeting for the purposed 2022-23 Action Plan projects for notifications to the public. Entitlements were told that announcements would be made on or by May 13.

On May 18, staff was notified that that the City of Ames will be receiving CDBG funding in the amount of \$569,187 (a \$29,990 decrease) and HOME funding in the amount of \$405,511 (a \$54,968 increase). Now that the amounts for the City have been announced by HUD, the proposed programs and budget for the 2022-23 Annual

Action Plan have been adjusted as outlined in **Attachment A**.

To adjust for the \$29,990 decrease in CDBG funding, of which \$5,998 was adjusted for administration, leaving \$23,992 that will need to be subtracted from program projects. Staff proposes to split it equally and subtract \$11,996 each from the Single-Family Housing Rehabilitation Program and the Acquisition/Slum and Blight activities. The Single-Family Housing Rehabilitation Program will now be at \$213,004 and the acquisition/slum and blight program will now be \$263,284.

You will note from the proposed 2022/23 Action Plan for the HOME program shown below that a new single-family home construction program in the amount of \$83,000 has been added. Financing for this new program will come from: 1) directing the 10% of the Home Administrative Fee totaling \$40,551, 2) reassigning the \$41,226 of the additional \$54,968 HOME allocation (the remaining \$8,245 must be set-a-side for CHDOs), and redirecting \$1,222 from the Multi-family Assistance New Construction Program.

ALTERNATIVES:

1. Approve the revised draft 2022-23 Annual Action Plan Program Projects and proposed estimated budget (Attachment A) and continue with setting August 9 as the date of public hearing for approval of submitting the plan to HUD on or by August 16, 2022.
2. Modify the draft 2022-23 Annual Action Plan Program Projects and proposed estimated budget (Attachment A) and continue with setting August 9 as the date of public hearing for approval of submitting the plan to HUD on or by August 16, 2022.
3. Refer this item back to staff with further direction.

CITY MANAGER'S RECOMMENDED ACTION:

Now that the 2022-23 allocations have been announced, the draft of the City's Annual Plan can be prepared for the required 30-day public comment period beginning in July. **This is still a very tight timeframe to get the plan submitted to HUD by the August 16 deadline date.**

All the proposed programs remain from the public forums with adjustments made to the various project budgets. Additionally, staff proposes changes to the administration budget and use of the new allocation for one additional program being added under the HOME program for the construction of single-family homes in the Baker Subdivision. All of the projects will continue to 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, as described above.

ATTACHMENT A

2022-23 DRAFT Proposed CDBG/HOME Annual Action Plan Projects and Budget

| REVISED DRAFT PROPOSED 2022-23 Action Plan Expenditure Budget: | |
|---|---|
| Programs | Budget |
| CDBG Homebuyer Assistance Program (Down payment and Closing Cost) | \$500,000 |
| Housing Improvement Rehabilitation Program for Single-family Homeowners | \$213,004 |
| Infrastructure Pocket Park Improvements-Baker Subdivision | \$130,000 |
| Acquisition/Slum and Blight Removal Program | \$263,284 |
| CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance | \$58,282 |
| CDBG-CV CARES Public Services Assistance-Mental Health (To Be Determined) | \$85,000 |
| HOME Multi-Family LIHTC Assistance New Construction | \$1,800,000 |
| HOME Single New Home Construction | \$83,000 |
| General Administration for CDBG, HOME & CARES | CDBG: 113,837 HOME: \$142,752 CARES: \$10,000 |
| Total | \$3,399,159 |
| REVISED DRAFT PROPOSED 2022-23 Action Plan Revenue Budget: | |
| 2022-23 Anticipated CDBG Allocation | \$569,187 |
| 2021-22 Anticipated CDBG Program Rollover | \$600,000* |
| 2021-22 Anticipated CDBG Anticipated Program Income | \$50,938* |
| 2021-22 Anticipated CDBG-CV CARES Rollover | \$153,282 |
| 2022-23 Anticipated HOME Allocation | \$405,511 |
| 2020-21 Anticipated HOME Program Rollover (Admin & Programming) | \$1,681,068 |
| 2022-23 Minus Anticipated CHDO Set Aside | - \$60,827 |
| Grand Total CDBG & HOME | \$3,399,159 |

*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. These projections will be adjusted when the 2021-22 program year is finalized and closed.