

CITY COUNCIL COMMUNICATION 97-541  
NOVEMBER 17, 1997 AGENDA

SUBJECT:

1998 CONSOLIDATED PLAN

SUBMITTED BY:

JAMES GRANT  
COMMUNITY DEVELOPMENT DIRECTOR

SYNOPSIS –

A review of the 1998 Consolidated Plan, as recommended by the Neighborhood Revitalization Board (NRB) for the use of Community Development Block Grant (CDBG) and HOME Investment Partnership Program funds from the U. S. Department of Housing and Urban Development, has been completed.

FISCAL IMPACT –

The Plan allocates a projected \$5,209,000 in 1998 CDBG funds, \$1,104,000 in 1998 HOME funding, \$78,722 in carryover funds, and \$639,900 in projected program income. On October 27, 1997, the President signed the FY98 HUD Appropriations Bill for CDBG at \$4.675 billion, a \$75 million increase from the current level of funding. However, there is a 73 percent increase in set-asides from FY97 levels which will affect the final amount of 1998 CDBG funding the City will receive. It appears that carryover funds may be able to make up the difference in the projected and actual funding amount.

RECOMMENDATION –

Approval of the Plan as recommended by the City Manager. While these recommendations generally reflect those of the NRB, I am recommending reallocations within certain categories without changing the total amount recommended by the NRB for these activities.

BACKGROUND –

Pursuant to the Housing and Community Development Act of 1974, as amended, the City is required to submit a Consolidated Plan applying for various HUD Community Planning and Development Programs, including CDBG, HOME, and the Emergency Shelter Grant (ESG)

programs.

The statutes for the grant programs set forth three basic goals that must primarily benefit low and very low-income persons:

- Provide decent housing;
- Provide a suitable living environment; and
- Expand economic opportunities.

The proposed 1998 Consolidated Plan includes a five-year strategy and a one-year action plan. In 1998, the City will be in its third year of the five-year strategy. The NRB recommends funding 38 program activities, including administration, citizen participation, planning, monitoring services, indirect costs, and Section 108 Loan repayments. ESG funding for homeless programs in the amount of \$137,000 has been deferred, pending review by the Homeless Coordinating Board (HCB). The HCB will be making recommendations to the NRB in December.

Appropriations to homeless agencies will require an amendment to the Plan and will add another 10-12 projects. Also, a proposed Continuum of Care for the homeless will be submitted with the Consolidated Plan to meet a HUD requirement and to obtain their initial review. The Continuum of Care, as proposed, is metro-wide and will be forwarded to the NRB for review and recommendation and then to the City Council for final action early in 1998.

On September 22, 1997, the Council received the proposed 1998 Consolidated Plan from the NRB and authorized a 30-day public notice and a public hearing to finalize the Plan on November 17, 1997. The Plan has to be received by HUD for a 45-day review period, and we have already requested a waiver to submit the Plan four days late.

On June 16, 1997, the City Council, acting on the results of the Town Meetings held on June 5, 1997, and the recommendations of the former Des Moines Action Board (DMAB) and Neighborhood Advisory Board (NAB), adopted the Priority Rankings and Funding Criteria for the 1998 Consolidated Plan. The priorities and the funding criteria were significantly different from those included in the 1996 & 1997 Consolidated Plans. This was a result of recommendations made by the HUD Area Office to reduce the number of priorities, cap human services allocations at 15 percent of the CDBG entitlement amount, and have a \$50,000 minimum grant amount.

The former boards also took into consideration the priorities and objectives of the Citywide Strategic Plan and the Neighborhood Revitalization Plans for Designated Neighborhoods in consolidating and reducing the number of priorities to those which were most appropriate and eligible for federal funding.

There were 17 ranked priorities included in the Request for Proposal (RFP) which was forwarded to over 150 public and private agencies. In the two previous years, there were 34 priorities divided into five categories which resulted in duplication of priorities and made it difficult to target the limited funding on the greatest needs. Also included in the RFP were the following City Council approved funding criteria:

- S Projects will be funded in accordance with their priority ranking.
- S A \$50,000 minimum grant amount for all CDBG projects.
- S Human Services projects will be limited to 15 percent of the total CDBG entitlement amount.
- S Agencies are encouraged to submit collaborative proposals which are meaningful and effective.
- S Funding decisions should avoid duplication and work toward consolidation of social services programs.
- S Funding decisions should emphasize traditional City services, and minimize or eliminate funding for programs that are the responsibility of other entities.
- S Proposals from agencies with other funding options will be given less consideration.

The City received 55 proposals from public and private agencies requesting a total of \$9,373,576 in CDBG and HOME funding for the 1998 Program Year. There is \$4,933,707 available for programs, and the newly formed NRB was required to make difficult decisions in order to meet the budget and address top priorities while taking into consideration the human services cap and minimum grant amount. In my opinion, they did an excellent job. They aided themselves in this effort by adopting procedures to hear proposals and make funding decisions as a board instead of by committees. In the past, the citizen boards divided into categorical committees, and this had the effect of producing several number one priorities and diluted the effort to target the funding in adequate amounts to reduce or eliminate an identified problem or need.

The NRB also requested that the Community Development staff rate the proposals and provide an initial funding recommendation. The rating system emphasized high priorities, the ratio of CDBG to other funding, collaboration, past performance, clear objectives, accurate budget, and significant impact on the needs of low-income residents. The feedback I have received from NRB members indicates that the staff rating and funding recommendations were very helpful to the Board in their decision-making process. The NRB agreed with the staff recommendations on 60 percent of the proposals and arrived at a different decision on 40 percent of the projects.

The large number of proposals still remains a significant barrier for a volunteer board in considering all the information and factors affecting their funding recommendations. Community Development staff will be working with the NRB in the coming year to help develop procedures and a strategic planning capacity which will help target the federal resources to high priorities, and further reduce the number of projects.

## Human Services

As mentioned above, one of the goals for the 1998 Consolidated Plan is to limit human services funding to 15 percent of the CDBG entitlement amount. In 1997, 20.8 percent or \$1,083,407 was budgeted for human services. The NRB has recommended that 16.3 percent (\$847,713) of the projected 1998 entitlement be allocated to human services. This is a significant reduction and is a major step in meeting the goal. My recommendations would not change the total amount allocated for human services. Also, there are several projects that do not meet the \$50,000 threshold. However, this might be considered acceptable this year in order to lessen the impact of the reduction in human services funding, while agencies identify other resources for future years.

### Our Community Kitchen

This project provides a free meal to low-income residents at six serving sites in the City. Approximately 240 unduplicated persons are served annually. It is recommended that \$11,500 be shifted from this project to the Emergency Food and Personal Pantry Project in order to balance the resources available to low-income people to meet this basic need. Amount requested 1998: \$61,500. Amount Allocated 1997: \$61,500.

NRB Recommendation \$61,500  
City Manager' s Recommendation 50,000  
Total 1998 \$50,000

### Emergency Food and Personal Pantry

This project is operated by the Community Development Department in coordination with the Des Moines Area Religious Council and is located at the Woodland Willkie Neighborhood Site Office. An emergency supply of groceries is provided to over 1,200 households annually. The project also provides a Personal Pantry at the Woodland-Willkie and Southeast Site Offices. The NRB has recommended that none of the CDBG funds be used for the salary of the Direct Services Clerk who should be paid from the administrative funds. The Food Pantry is not operated in any of the other site offices and it seems appropriate to help fund it from program and not administrative money. I am recommending that \$11,500 be added to the NRB recommended amount and the balance of the Direct Services Clerk' s salary and benefits come from Community Services Block Grant (CSBG) and CDBG administration funds. Unless otherwise directed by the City Council, I plan to evaluate the Neighborhood Site Office operations in the coming year with the purpose of restructuring and focusing on the mission, goals, and objectives of the offices and also shifting the funding from administration so that the offices will be competing for program funds like other human service projects. Amount requested 1998: \$83,132. Amount allocated 1997: \$35,493.

NRB Recommendation \$30,000  
City Manager' s Recommendation 41,500  
Total 1998 \$41,500

### Creative Visions and Urban Dreams

The NRB adopted the staff recommendation that these two agencies collaborate and share a \$55,000 allocation. I am recommending that they not collaborate since they serve different age groups and have different objectives. Creative Visions serves an adult population and their main objective is to help people find and retain employment. Urban Dreams serves a younger age group and emphasizes positive life choices and gang intervention.

I also suggest that the NRB, working with staff, develop strategies for consolidating the various support service projects such as Creative Visions, Homes of Oakridge, Hispanic and Educational Resources, OSACS, Employee and Family Resources, and Urban Dreams, which all appear to be providing similar services to different segments of the low-income and/or minority population.

NRB Recommendation \$55,000  
City Manager' s Recommendation 27,500 (Creative Visions)  
27,500 (Urban Dreams )

Total 1998 \$55,000

#### Churches United Homeless Shelter

This agency provides “last resort” shelter to homeless individuals and families. The shelter is located close to the downtown area, and the City has received numerous calls from businesses and residents in the area complaining about inappropriate behavior on the part of shelter clients during daytime hours. Many of these people suffer from substance abuse and/or mental illness, and Churches United does not currently have the resources to provide 24-hour programming and supervision. As a temporary measure, I am recommending that the NRB’s recommended allocation for Churches United be reduced from \$50,000 to \$25,000, and that the remaining \$25,000 be allocated to the Operation Downtown program operated by Downtown Partnership, Inc., to provide additional security for several blocks around the shelter. Hopefully, this will alleviate some of the problems until more permanent solutions are found to address the needs of both the homeless and the businesses, employees, customers, and/or residents in the area. Amount requested 1998: \$84,465. Amount allocated 1997: \$25,000.

NRB Recommendation \$50,000

City Manager’s Recommendation 25,000

Total 1998 \$25,000

#### Operation Downtown

This project will provide additional security during day-time hours in the area surrounding the Churches United Shelter. The program will be operated by the Downtown Partnership, Inc., and is an eligible public service activity.

NRB recommendation \$ N/A

City Manager’s Recommendation 25,000

Total 1998 \$25,000

#### Recreational Activities Program (RAP)

This project is operated by the Parks and Recreation Department in collaboration with the John R. Grubb YMCA, Campfire, Willkie House, and Polk County Senior Center. The collaboration requested \$190,536 for 1998 which is approximately the same as the agencies involved received separately in 1997. The NRB has recommended \$90,000, which is a 53 percent reduction from the requested amount and reflects the lower priority placed on recreational activities for 1998. The NRB has also recommended that \$3,000 of the Parks Department’s share of the funding be allocated to transport low-income residents to Teachout Pool. Over the past several years this program has only received a total of \$1,000 in federal funding and the rest has been raised by dedicated volunteers from private donations. In light of the reduced CDBG funding for recreation, it is not appropriate to add federally funded activities, and I recommend that the Parks Department be directed to assist in the effort to raise private funding for this successful transportation program.

#### Housing, Infrastructure, Economic Development & Employment

While I am recommending only two funding changes for projects in these categories, there are several issues the Council should be aware of.

S The recommended CDBG funding level for Neighborhood Conservation Services is a \$236,000 reduction from the 1997 budget. The Community Development Department will concentrate their efforts in 1998 on the HOME program which has a surplus of funding due to the slow federal startup in 1991 and the Flood of ' 93. These outside influences have put the City two years behind in spending HOME funds which have a five year time limit. The Department also plans to switch the Housing Implementation Loan Program (HILP) to HOME funding to help make up for the reduction in CDBG and insure that the HOME funds are spent within the time limit.

S upon staff recommendation, the NRB is suggesting operational changes for redevelopment projects. Historically, redevelopment project implementation and expenditures have been difficult to estimate and there were often situations where funding sat idle in some projects or amendments had to be processed to respond to unpredictable developments in others. A Redevelopment Pool, in which projects are implemented on a first-come first-serve basis, would provide needed flexibility and quicker response time to developing situations. The NRB has recommended that Capital East, Highland Park, MLK & Forest, and 6th & College be included in the Pool. The NRB would recommend and the City Council would approve any addition or deletion of projects during the Program Year. Funding currently allocated to redevelopment projects would be carried over into 1998 and included in the Pool. This amount is currently estimated to be approximately \$200,000 and, together with the 1998 allocation, would provide over \$700,000 for redevelopment activities even with the reallocation of \$62,790 to Concentrated Code Enforcement and Economic Development as recommended below.

#### Concentrated Code Enforcement

This project is operated by the Community Development Department and provides increased housing code enforcement in low-income areas of the City. The additional funding would insure that the project is fully operational in 1998. Amount requested 1998: \$106,997. Amount allocated 1997: \$86,113.

NRB Recommendation \$72,210

City Manager' s Recommendation 85,000

Total 1998 \$85,000

#### Economic Development Financing Incentive

This project is operated by the Community Development Department and provides loans and grants to businesses who are required to retain and/or develop jobs for low-income residents. There has been increased activity in this project, and additional funding would help maintain this momentum. In 1997, there was a total of \$704,244 in CDBG carryover, program income and new funding available for new and expanding businesses. To date, \$517,366 has been spent or is under contract. Another \$200,000 commitment has received preliminary approval from the City Council and \$175,000 is pending. There will be no carryover available for 1998, and program income is estimated to be approximately \$205,000.

The project coordinates activities with other agencies such as the Mid City Business Center, the Drake Business Center, and SBA volunteers who help new and existing businesses prepare

workable business plans. These services are available city-wide and help avoid duplication and allow the Economic Development Division to concentrate on loan packaging and underwriting which are their main responsibilities. Amount requested 1998: \$480,000. Amount allocated 1997: \$100,000.

NRB Recommendation \$100,000  
City Manager' s Recommendation 150,000  
Total 1998 \$150,000

#### Redevelopment Pool

Carryover funds currently allocated to redevelopment projects would be added to the 1998 allocation and provide over \$700,000 for the Pool in 1998. Projects in the Pool would include Capital East, MLK and Forest, Highland Park Commercial Revitalization, and 6th and College. Amount requested 1998: \$1,419,876. Amount allocated 1997: \$279,304.

NRB Recommendation \$571,226  
City Manager' s Recommendation 508,436  
Total 1998 \$508,436

I wish to commend the citizen boards for the volunteer time and effort they have contributed to developing the proposed 1998 Consolidated Plan. I believe my recommendations are in keeping with the spirit and intent of their efforts. I also encourage the NRB to continue to develop their strategic planning capabilities as they relate to programs contained in the Consolidated Plan.