



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

98-116

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

AGENDA:

APRIL 6, 1998

SYNOPSIS –

SUBJECT:

1998 COMMUNITY
DEVELOPMENT
BLOCK GRANT
(CDBG)
REPROGRAMMING

Reprogram unspent Community Development Block Grant (CDBG) funds from previous years to balance 1998 shortfalls; reserve a portion of the funds for the 1999 program year; reallocate unspent redevelopment funds to the 1998 Redevelopment Pool; and allocate additional 1998 Home Investments Partnership Act (HOME) funds to the Housing Conservation Division (HCD).

TYPE:

FISCAL IMPACT –

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

Reallocation of previous years' unspent CDBG funds will balance the 1998 Consolidated Plan, provide additional funding for the Redevelopment Pool, and reserve a portion of the unspent funds for the 1999 allocation process.

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

RECOMMENDATION –

Approval.

BACKGROUND –

At the City Council meeting on March 23, 1998, by Roll Call No. 98-901, the City Council approved agreements with the U.S. Department of Housing and Urban Development (HUD) for 1998 CDBG (\$5,047,000); HOME (\$1,186,000); and Emergency Shelter Grant (ESG) (\$199,000) funding. The CDBG allocation was \$162,000 less than what was planned for when the City developed its 1998 Consolidated Plan last Fall; \$82,000 more than projected in HOME funding; and \$62,000 more in ESG funds.

Attachment A lists unspent CDBG funds from previous years

totaling \$392,043. The Community Development Department has made a concerted effort to close out projects and has limited the amount of funding rolled over into 1998.

A total of \$242,217 is needed to balance the 1998 CDBG shortfall (\$162,000); and shortfalls in the Special Assessment Subsidy (\$77,479) and City-Wide Garden (\$2,738) projects. The over expenditure in Special Assessment Subsidy occurred when both the number of improvement projects and the number of eligible households were greater than originally estimated. The Garden Project experienced over expenditures in 1996 and 1997 when the cost of seeds and plants exceeded the original projection.

The balance of the unspent funds (\$149,826) can be reserved for the 1999 program year allocation process. Staff recommended that these funds be targeted for demolition of vacant and abandoned properties in 1999. The Neighborhood Revitalization Board (NRB) has objected to targeting the funds in advance of the planning process. This issue can be resolved at the planning conference and subsequent City Council review of the NRB recommendations for the 1999 Consolidated Plan.

Attachment B lists unspent funds from current and completed redevelopment projects along with the allocation of 1998 CDBG funds for the Redevelopment Pool. The unspent funds should be allocated to the Pool, and staff will be working with the NRB to develop procedures for implementation of the Redevelopment Pool Project which will be presented to the City Council for review and approval in the near future.

The final HOME allocation for 1998 is \$82,000 more than projected. Staff recommends that the additional funds be allocated to the HCD for owner-occupied and rental rehabilitation programs, and for non-profits who are not Community Housing Development Organizations (CHDOs). The allocation for CHDOs is still more than the 15 percent minimum required by the HOME regulations. The final allocation of HOME funds would be as follows:

HCD	\$ 827,400
CHDOs	240,000
Administration	118,600
Total	\$1,186,000

Also, ESG funds are currently in the process of being allocated, and recommendations on this funding will be presented to the City Council prior to the July 1 start date for ESG programs.

Staff recommends that the City Council approve the reallocation of previous years' unspent CDBG funds to balance the shortfall in 1998 CDBG funding and the shortfalls for Special Assessment Subsidy and the Garden Projects; hold the balance of unspent funds for allocation to the 1999 Consolidated Plan; reallocate unspent redevelopment funds to the Redevelopment Pool; and allocate the increase in HOME funds to the Housing Conservation Division of the Community Development Department.

Attachments