

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

98-498

SYNOPSIS -

AGENDA:

NOVEMBER 2, 1998

A review of the 1999 Consolidated Plan as recommended by the Neighborhood Revitalization Board (NRB) for the use of Community Development Block Grant (CDBG), HOME Investment Partnership Program and Emergency Shelter Grant (ESG) funds from the U. S. Department of Housing and Urban Development (HUD), has been completed.

SUBJECT:

1999 CONSOLIDATED
PLAN

FISCAL IMPACT -

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

The plan allocates a projected \$5,047,000 in 1999 CDBG funds; \$1,186,000 in 1999 HOME funding; \$199,000 in ESG funds; \$254,933 in carryover funds; and \$838,450 in projected program income. The President has signed the FY -99 HUD bill which authorizes an increase in CDBG and ESG funding. However, set-asides, new entitlement communities, and other factors will have an impact on the final entitlement amounts.

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

RECOMMENDATION -

Approval of the plan as recommended by the City Manager. While these recommendations generally agree with those of the NRB, they also reflect the direction the City Council provided at the September 28, 1998, Council meeting to identify funding for several projects which were not recommended by the NRB.

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 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 1999 Consolidated Plan includes a five year strategy and a one-year action plan. In 1999, the City will be in its fourth year of the five year strategy. As previously recommended and adopted, this will be the last year of the current plan in order to enable Des Moines to be on the same schedule as the rest of the country and include various changes made to the format and reporting requirements.

On June 15, 1998, the City Council, acting on the results of the public hearing held by the NRB on May 20, 1998, adopted the objectives, activities, and funding criteria recommended by the NRB, and authorized distribution of Request for Proposals to potential operating agencies and city departments for programs and projects which would address one or more of the objectives. In developing their recommendations the NRB also took into consideration the priorities and objectives of the City Wide Strategic Plan and the Neighborhood Revitalization Plans for Designated Neighborhoods.

The City received proposals from 49 public and private agencies requesting a total of \$9,979,359 in CDBG, HOME, and ESG funding for 89 separate activities. There is \$6,248,906 in 1999 funding (including carryover and program income) available for programs, and the NRB made 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 requesting that the Community Development staff rate the proposals and provide an initial funding recommendation.

The rating system emphasized the adopted objectives and activities, the ratio of CDBG, HOME, and ESG funding to other funding, collaboration, past performance, clear objectives, accurate budget, and significant impact on the needs of low-income residents.

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.

On September 28, 1998, the Council received the proposed 1999 Consolidated Plan from the NRB and authorized a 30-day public notice and a public hearing to finalize the plan on November 2, 1998. The plan has to be received by HUD in time for a 45-day review period prior to implementation on January 1, 1999.

Management, Monitoring, Citizen Participation, Indirect Cost, and Sec. 108 repayments

Administrative costs for the 1999 CDBG entitlement have been reduced by approximately \$200,000 from previous years to a total of \$815,185. Total administrative, monitoring, and citizen participation costs are \$564, (11.2 percent) and the City's indirect cost is \$251,000 (5 percent). This was accomplished by cost reductions and transferring the Neighborhood Site Office costs from the administrative to the program category. Site office activities are more appropriately classified as a public service and this requires the site office operation to compete for program funds like other human service projects. The City Council authorized this action with their approval of Council Communication 97-541 on November 17, 1997.

The Section 108 Loan repayments are as follows:

Grubb YMCA (5th of 9 payments) (\$450,000 balance remaining)	\$155,927
Archie Brooks Center (4th of 9 payments) (\$560,000 balance remaining)	\$164,815

Public Services

The NRB has recommended that 17.4 percent (\$879,650) of the projected 1999 CDBG entitlement be allocated to public services. In 1998, 17.3 percent was allocated to these activities. Because of the 15 percent cap on public services, none of the administrative savings were transferred to the public service category. This, coupled with the additional request for site office funding from public services, made it difficult to stay within the cap. Noted below are those activities where my recommendation for particular projects differs from the NRB.

Big Brothers/Big Sisters of Central Iowa

This is a well-regarded project which the NRB was unable to fund because of the limited amount available. I recommend that Neighborhood Site Offices Service Delivery and Outreach be reduced by \$60,000 in order to fund Big Brothers/Big Sisters at \$60,000, which is the same amount they received for 1998.

NRB Recommendation	-0-
City Manager's Recommendation	\$60,000
Total 1999	\$60,000

Neighborhood Site Office Service Delivery and Outreach

A review team consisting of City, County, and non-profit agency staff clients has been formed to review site office operations and possible restructuring. The team's recommendation will be forwarded to the NRB for review and to the City Council for action after the first of the year. The reduction recommended above takes restructuring into consideration; but the project should

have first priority for reprogramming funds in order to adequately fund this activity in the 1999 program year.

NRB Recommendation	\$250,000
City Manager Recommendation	\$190,000
Total 1999	\$190,000

Hawthorn Hill

At their meeting on October 7, 1998, following the planning conference, the NRB voted to reallocate \$50,000 from the Demolition program to Hawthorn Hill. Some of the information regarding this project was inadvertently omitted at the planning conference; the board felt that if this information had been available, the allocation would have been made at that time. I concur with this recommendation.

NRB Recommendation	\$50,000
City Manager Recommendation	\$50,000
Total 1999	\$50,000

Demolition

I am recommending that this project have second priority for reprogramming funds to bring it back to the \$400,000 funding level.

NRB Recommendation	\$350,000
City Manager Recommendation	\$350,000
Total 1999	\$350,000

Housing, Infrastructure, Economic Development & Employment

My recommendations which differ from the NRB's in

this category of projects are as follows.

Neighborhood Facade Improvement Project

This is a new project for 1999. Staff has contacted the Neighborhood Finance Corporation which has indicated that they would be willing to explore how this project could be eligible under their program. This being the case, I recommend that the \$78,856 recommended by the NRB for this program be reallocated to the Basic Neighborhood Enforcement Action Team (B-NEAT) in order to maintain the staff level currently funded from CDBG.

NRB Recommendation	\$78,856
City Manager Recommendation	-0-
Total 1999	-0-

Basic Neighborhood Enforcement Action Team

This allocation of CDBG funds, along with a portion of the Mid-American energy rebate, will insure that the code enforcement staff will be increased by at least three (3) positions.

NRB Recommendation	\$230,000
City Manager Recommendation	\$308,856
Total 1999	\$308,856

Our Community Kitchen

At its meeting on October 26, 1998, meeting, Council approved the City Manager's recommendation to provide enough funding for this program to continue through the winter months. The Human Services Alliance will be working to develop a more comprehensive meal program which can be implemented in 1999.

The volunteer time and effort contributed by the members of the Neighborhood Revitalization Board is a

significant asset to the City's community development program. City staff will increase their efforts in the coming year to help the Board continue to target limited federal funds on the most pressing needs of low income residents.

Attachment

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