

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

99-284

SYNOPSIS -

AGENDA:

JUNE 21, 1999

Revised allocation of 1999 Community Development Block Grant (CDBG) funds to specific housing-related activities in the Neighborhood Conservation Services (NCS) project operated by the Housing Conservation Division of the Community Development Department.

SUBJECT:

NCS 1999 WORK PROGRAM

FISCAL IMPACT -

None. This action does not change the amount of funds allocated-only the distribution between activities.

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

RECOMMENDATION -

Approval.

SUBMITTED BY:

JAMES GRANT
COMMUNITY
DEVELOPMENT
DIRECTOR

BACKGROUND -

On November 2, 1998, the City Council approved the 1999 Department of Housing and Urban Development (HUD) Consolidated Plan. Included in the plan was a total allocation of \$1,015,000 of CDBG funds (excluding program income) for the NCS project. NCS had originally requested \$1,426,045 for the 1999 program year. The funding reduction eliminated the CDBG funds requested to operate the Home Investments Partnership Act (HOME) program.

In the past, after Council approval of the total amount for NCS, the agency would allocate the funds to specific activities such as emergency repairs, home improvement loans, counseling, etc. Because of changes in the Consolidated Plan format, these activities were broken-out separately in the information submitted to the City Council in November. The Legal Department has informed us that the Council needs to approve

the revised allocations.

The following is a breakout of what was approved on November 2, 1998, and the revisions necessary to implement both the CDBG and HOME programs:

<u>Approved 11/2/98</u>	<u>Revised</u>
Housing Counseling	@ \$50,000 \$ 82,009
Acquisition Rehab	@ \$200,000 202,589
Emergency Loan	@ \$270,000 281,788
Home Improvement Loan Program (HILP)	@ \$400,000 196,438
Tech. Assistance	@ \$95,000 96,712
HOME In-fill	-0- 7,938
HOME Owner-Occupied	-0- 70,260
HOME Rental Rehab	-0- 68,522
HOME Non-profit	<u>-0-</u> <u>8,744</u>
CDBG Total	\$1,015,000 \$1,015,000

The HOME amounts for "bricks and mortar" have not been changed from the amounts recommended by the Neighborhood Revitalization Board (NRB) and approved by the City Council on November 2, 1998. However, requested CDBG funds were not allocated to cover "soft costs" such as work write-ups, inspections, and title searches to implement the HOME program. Funding for these types of costs are limited under HOME and communities are required to find other resources to operate the program.

In turn, HOME funds will be used in the HILP program to do eligible owner-occupied rehabilitation. Switching funds between the two programs is not the preferred approach, but is required because of the different eligibility and regulatory requirements of the programs. CDBG funds have been used in the past to operate the HOME program and this approach allows NCS the flexibility to coordinate the programs for the maximum benefit.

At their meeting on June 2, 1999, the NRB approved a motion to recommend that the City Council adopt the revisions.

On the City Council agenda for June 21, 1999, there is a roll call approving the 1999 Work Programs with the revised budgets for various activities in the NCS Program. Staff recommends approval.

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