

## Meeting Agendas/Info

CITY COUNCIL COMMUNICATION:	ITEM _____
01-581	<b>OFFICE OF THE CITY MANAGER CITY OF DES MOINES, IOWA</b>
<b>AGENDA:</b>	<b>SYNOPSIS -</b>
NOVEMBER 19, 2001	City Council approval of the Program Year (PY) 2002 Consolidated Plan as recommended by the City Manager. The Plan allocates Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Shelter Grant (ESG) funds for the period from January 1 - December 31, 2002.
<b>SUBJECT:</b>	<b>FISCAL IMPACT -</b>
PROGRAM YEAR 2002 HUD CONSOLIDATED PLAN	The Consolidated Plan includes a projected \$5,200,000 in CDBG funds; \$1,400,000 in HOME funding; and \$180,000 in ESG funds. In addition, there is \$311,180 of unspent CDBG funds available for reprogramming (see Attachment 1) and \$1,000 of ESG carryover funds contained in the 2002 Consolidated Plan for a total of \$7,092,180 in funds available.
<b>TYPE:</b>	<b>RECOMMENDATION -</b>
<b>RESOLUTION ORDINANCE RECEIVE/FILE</b>	<b>Approval.</b>
<b>SUBMITTED BY:</b>	<b>BACKGROUND -</b>
ERIC A. ANDERSON CITY MANAGER	The Housing and Community Development Act of 1974, as amended, requires the City to submit a Consolidated Plan for U.S. Housing and Urban Development (HUD) Community Planning and Development Programs including CDBG, HOME, and the ESG Programs.
	Statutes for the grant programs set forth three basic goals that must primarily benefit low- and very low-income persons:
	<ul style="list-style-type: none"><li>· Provide decent housing;</li><li>· Provide a suitable living environment; and</li><li>· Expand economic opportunities.</li></ul>
	Earlier this year, the Neighborhood Revitalization Board (NRB) reviewed an extensive

needs assessment that was prepared in 1999 for the Five-Year Consolidated Plan Strategy. Needs in the categories of housing, community development, economic development, public services, and infrastructure were analyzed and prioritized. The NRB also held a hearing on May 30, 2001 to receive public input on community-wide needs and priorities for the PY2002 third year action plan.

The analysis shows a wide range of housing needs with the largest gap being decent, affordable rental units for households below 50 percent of the median family income. The NRB developed a five-year strategy to concentrate the limited federal funds on projects that would increase the availability of both affordable rental and owner-occupied housing units. Included in this strategy is funding for those activities which help low-income persons obtain and maintain affordable housing (i.e., jobs paying livable wages, daycare, transportation, etc.) and neighborhood revitalization activities.

On June 18, 2001, the City Council adopted the priority goals and objectives recommended by the NRB and authorized distribution of Requests for Proposals (RFPs) to potential operating agencies for programs to address the objectives.

The City received proposals from 31 public and/or private agencies requesting \$12,026,503 for 52 separate activities. Cumulatively, this represents 51 fewer requests than were received in the past three years and reflects the NRB's efforts to target the federal funds to address specific needs.

Community Development staff, together with representatives of public and private agencies, rated the proposals. The rating system emphasized agency capacity, funding leverage, past performance, goals, and objectives. Staff also provided funding recommendations to the NRB along with the ratings.

On September 18, 19, and 20, the NRB heard presentations from agencies submitting proposals and met in an all-day session on Saturday, September 22, 2001, to finalize their recommendations for funding. The City Council received the NRB recommendations on October 8, 2001, and directed that a notice be published regarding the availability of the proposed plan for public review. The Council also set the date for a public hearing on November 19, to finalize the 2002 Consolidated Plan. Regulations require that the plan be submitted to HUD at least 45 days before the implementation date of January 1, 2002. The HUD Area Office has granted an extension to November 21, 2001 for submission of the Consolidated Plan.

#### **Management, Monitoring, Citizen Participation, Indirect Costs, Planning, and Sec 108 Repayments**

HUD regulations allow entitlement communities to allocate 20 percent of CDBG funds (\$5,200,00) for the above stated costs. Based on the 2002 projection, this would amount to \$1,040,000. The management, monitoring, and citizen participation costs are \$587,782 (11.3% percent). HUD's new 2020 system requires that Neighborhood Revitalization Planning costs be charged against administration. These costs were previously charged under the housing category. The planning costs are \$183,472

(3.5% percent). The indirect costs for 2002 will be \$255,000 (4.9 percent). The total costs are \$1,026,254 or 19.7 percent. The \$13,746 difference between what is allowed and the actual budget is being made available for programs. In addition, when the actual 2002 program income is factored in at the end of the year, the percentage will be approximately 17.0 percent.

The Section 108 Loan repayments are:	
Grubb YMCA (8th of 9 payments)	\$128,988 (\$35,987 balance)
Archie Brooks Ctr. (7th of 9 payments)	\$138,030 (est.- \$119,048 balance)

**Housing, Infrastructure, Economic Development and Employment, and Community Development**

My recommendations differ from the NRB's in four projects.

Neighborhood Inspection Division - Environmental/Rental Code Enforcement

The NRB has recommended \$430,000 for the Neighborhood Inspection Division, of which, \$120,000 would be allocated to employ two new City inspectors who would inspect all houses involved in contract sales to ensure code compliance and decent, safe, and sanitary housing for the purchaser.

I do not recommend the allocation of \$120,000 of CDBG funds to the Neighborhood Inspection Division to begin such a program. I support inspection of homes sold on contract, but believe that this service can be provided through the private sector in a timely and professional manner. I have included detailed reasons for private inspection in Council Communication No. 01-582 concerning contract sales in a related item on the November 19, 2001 agenda.

NRB Recommendation	\$430,000
City Manager Recommendation	\$310,000

Public Works - Private Property Cleanups

The NRB recommended that funding for this project be reduced by \$120,000 in order to fund City inspectors for contract sales. Based on the above information, I am recommending that Private Property Cleanups not be reduced. This project has made a dramatic impact in the appearance of low- and moderate-income areas of the City, and is generating program income.

NRB Recommendation	\$130,000
City Manager Recommendation	\$250,000

Creative Visions - Job and Housing Placement

The NRB recommended \$40,000 for this program. Creative Visions has demonstrated success with obtaining jobs at decent wages for low-income residents through working agreements with area employers. I recommend \$50,000 for this project in 2002, which is the same amount they received this year.

NRB Recommendation	\$40,000
City Manager Recommendation	\$50,000

Neighborhood Conservation Services - Owner Occupied Rehabilitation

In order to provide the additional \$10,000 for Creative Visions, I recommend that the \$852,908 allocated for this project be reduced by \$10,000.

NRB Recommendation	\$852,908
City Manager Recommendation	\$842,908

This year the NRB changed their procedures for dealing with requests for contract extensions, carryover funds, and program income. They dealt with these issues at a separate meeting held on November 7, 2001. Delaying action on these requests provided time to more accurately determine the amount of funds that might be carried over to complete currently funded projects. At the November 19th City Council meeting, the Council will receive the NRB's recommendations on which projects should be extended and allowed to retain unspent funds to either complete projects or augment their 2002 budgets. An estimate of projected program income is also included in this recommendation.

Since either a commitment or a construction contract obligates most of these funds, I concur with the NRB's recommendations regarding project extensions and the use of carryover and/or program income. Because the actual amounts that will be available for carryover and program income on January 1, 2002 are subject to change between now and the end of the 2001 Program Year, I recommend that the City Council authorize the City Manager to approve the use of the carryover and program income funds, as set forth in Attachment 2, available as of January 1, 2002. This will save having to return to the City Council for approval of minor differences in the projected and actual amounts.

On October 8, 2001, the NRB forwarded their recommendations on the 2002 Consolidated Plan. In that communication, they expressed concerns regarding the use of CDBG funds for City services which, they believe, might be supplanting regular City funding of certain services, in violation of HUD regulations. I believe the City complies with the regulations and will direct staff to prepare a report addressing this issue.

The Board also recommended that the City determine the amount of fees generated from rental inspections in CDBG eligible areas and establish a procedure to return these funds to the Neighborhood Inspection Division to reduce the amount of CDBG funds allocated for rental code inspections. A report regarding this issue will also be prepared for City Council review at a future Council meeting.

I appreciate the NRB's time and effort in developing the Third Action Year Plan for the Five-Year Consolidated Plan, and look forward to working with the Board to implement programs that will provide decent, safe, and affordable housing for low-income residents of the City.

Attachments

Attachment 1	
<b><u>PREVIOUS PROGRAM YEARS' UNSPENT CDBG FUNDS REPROGRAMMED AS PART OF THE 2002 ALLOCATIONS</u></b>	
- 2001 Program Development	\$ 33,003
- 2001 Neighborhood Revitalization	19,340
- 2001 Community Business Center	19,415
- 2000 CDBG General Administration	33,149
- 2000 Program Development	45,372
- 2000 Sec. 108 Loan Repayment	10,013
- 2000 Gray's Woods Flood Buyout	100,000
- 2000 Home, Inc. AHEC	8,200
- 2000 Mid-City Vision	21,830
- 2000 Child Care	20,514
- 2000 Reprogramming	344
Total	\$311,180

**2001 PROJECT AGREEMENTS**  
**RECOMMENDED EXTENSIONS OR CARRYOVERS**  
**& APPROVAL OF 2002 PROGRAM INCOME**

<u>2001 PROJECT FUNDING</u>	<u>EXTEND TO</u>	<u>CARRYOVER</u>	<u>PROJECTED 2002 PROGRAM INCOME</u>
CHDC Homeownership (\$560,100)	12.31.02	N/A	none
Economic Development (\$813,566)		\$506,466 CDBG	\$235,000
NCS I/O Rehab (\$226,236)		\$112,935 CDBG	\$10,000
NCS I/O Rehab (\$1,276,100)		\$1,212,107 HOME	\$100,000
NCS O/O Rehab (\$388,900)		\$220,628 HOME	\$150,000
NCS O/O Rehab (\$1,170,981)		\$604,000 CDBG	\$25,000
NCS New Construction (\$345,000)		\$345,000 HOME	none
Spectrum Resources (\$45,000)	12.31.02	N/A	none
Spectrum Resources (\$100,000)	12.31.02	N/A	none
Training At-Risk Youth (\$20,000)	12.31.02	N/A	none
6th & College (\$248,383)		\$182,800 CDBG	none
Highland Park Street (\$450,000)	12.31.02	N/A	none
New Horizons Home Remodeling (\$74,640)	12.31.02	N/A	\$50,000
Grandshire Hookups (\$150,000)	12.31.02	N/A	none
Special Assess. Subsidy (\$48,137)		\$30,000 CDBG	none
Demolition (\$422,051)		\$300,000 CDBG	none
Grandshire Sewer Instal. (\$271,692)	12.31.02	N/A	none
Capital East (\$689,232)	12.31.02	N/A	none
Public Works Cleanups			\$75,000

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