

**CITY COUNCIL
COMMUNICATION:**

02-562

AGENDA:

NOVEMBER 4, 2002

SUBJECT:

**PY 2003 HUD
CONSOLIDATED
PLAN**

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

**ERIC A. ANDERSON
CITY MANAGER**

ITEM 42

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

SYNOPSIS —

City Council approval of the Program Year (PY) 2003 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, 2003.

FISCAL IMPACT —

The Consolidated Plan includes a projected \$5,130,000 of CDBG funds; \$1,450,000 of HOME funding; and \$181,000 of ESG funds. In addition, there is \$57,725 of unspent CDBG funds available for reprogramming (see Attachment 1) contained in the 2003 Consolidated Plan for a total of \$6,818,725 in funds available. Based on current information regarding the federal budget process for FY 2003, there will be a Continuing Resolution to keep the government functioning well into 2003. Programs will operate at last year's funding levels, and up to 90% of the funding will be made available until the 2003 appropriations process is complete.

RECOMMENDATION —

Approval.

BACKGROUND —

The Housing and Community Development Act of 1974, as amended, requires the City to submit a Consolidated Plan for HUD Community Planning and Development Programs including CDBG, HOME, and the Emergency Shelter Grant Programs.

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.

A Needs Analysis was prepared by staff in 1999 for the 5-year Consolidated Plan Strategy, and reviewed with the Neighborhood

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Revitalization Board (NRB). The categories of needs included housing, community development, economic development, public services and infrastructure.

The analysis shows a wide range of housing needs with the largest gap being decent, affordable rental units for households below 50% of the median family income. The NRB developed a 5-year strategy to concentrate the limited federal funds on projects which 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 17, 2002, the City Council adopted the priority goals and objectives recommended by the NRB and authorized distribution of Notices of Funding Availability (NOFAs) to potential operating agencies for programs to address the objectives.

The City received proposals from 33 public and/or private agencies requesting \$8,196,376 for 51 separate activities. Cumulatively, this represents 52 fewer requests than were received in the past four 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, and goals and objectives. The staff also provided funding recommendations to the NRB along with the ratings.

On September 10, 11, & 12, the NRB heard presentations from agencies submitting proposals and met in an all-day session on Saturday, September 14, 2002 to finalize their recommendations for funding. The City Council received the NRB recommendations on September 23, 2002 and directed that a notice be published regarding the availability of the proposed plan for public review for a period of 30 days. The Council also set the date for a public hearing for November 4, to finalize the 2003 Consolidated Plan. Regulations require that the plan be submitted to HUD at least 45 days before the implementation date of January 1, 2003.

Management, Monitoring, Citizen Participation, Indirect Costs, Planning and Sec 108 repayments

HUD regulations allow entitlement communities to allocate 20% of CDBG funds (\$5,130,000) for the above costs. Based on the 2003 projection this would amount to \$1,026,000. The management, monitoring, and citizen participation costs are \$539,006 (10.5%). HUD

regulations require that Neighborhood Revitalization Planning costs be charged against administration. These costs were previously charged under the housing category. These planning costs are \$221,125 (4.3%). The indirect costs for 2003 will be \$255,000 (5.0%). The total costs are \$1,015,131 or 19.8 %. The \$10,869 difference between what is allowed and the actual budget is being made available for programs. In addition, when the actual 2003 program income is factored in at the end of the year, the percentage will be approximately 17.0%.

The Section 108 Loan repayments are:

Grubb YMCA (9th of 9 payments) \$129,924 (-0- balance)
Archie Brooks Ctr. (8th of 9 payments) \$118,988 (est.- \$119,000
balance)

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

My recommendations differ from the NRB's for the following projects:

OSACS – Entry Level Job Training Program: The NRB has recommended \$20,000 of CDBG funding for this program. I am recommending that the program not be funded at this time. The City received seven proposals for job training programs. During their deliberations, the NRB noted a lack of coordination with life skills and job-readiness training programs. They have recommended to the City Council that the Human Services Planning Alliance be requested to help form a collaboration of agencies to provide these services. A collaboration could reduce duplication and coordinate case management services to clients. I agree with this recommendation and believe it is the best course of action at this time.

I am further recommending that this \$20,000 along with \$20,000 in CDBG funds from the NCS Investor-Owned Program be set aside for a program to be developed to address the needs of homeless youth who are frequenting West River Drive and the Downtown Loop areas. Staff will be directed to study the issue and prepare a NOFA early in 2003 for programs to address this problem.

NCS Investor-Owned Program: The NRB has recommended \$400,000 for this program. I am recommending \$380,000 with the \$20,000 to be used as recommended above.

Carryover and Program Income

Last year the NRB changed their procedures for dealing with requests for contract extensions, carryover funds and program income. They will review these requests at a separate meeting held on December 4, 2002. Delaying action on these requests provided time to more accurately determine the amount of funds that might be carried over to

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complete currently funded projects. At the December 16 City Council meeting, the Council will receive the NRB's recommendations on which projects should be extended and allowed to either retain unspent funds to complete projects or augment their 2003 budgets. An estimate of projected program income will also be included in this recommendation.

NRB Comments and Concerns

On September 23, 2002, the NRB forwarded their recommendations on the 2003 Consolidated Plan. In their September 23 recommendation, the NRB also included comments and concerns regarding various projects. I concur with most of the issues raised by the Board, and will direct staff to address them administratively.

I appreciate the Neighborhood Revitalization Board's time and effort in developing the Fourth Action Year Plan for the 5-year Consolidated Plan. I 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.

Attachment