

**CITY COUNCIL
COMMUNICATION:**

03-219

AGENDA:

MAY 19, 2003

SUBJECT:

REALLOCATION
OF 2002
COMMUNITY
DEVELOPMENT
BLOCK GRANT
FUNDS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MIKE MATTHES
ACTING HOUSING
SERVICES
DIRECTOR

ITEM _____

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

SYNOPSIS —

City Council approval of the reallocation of unspent Program Year (PY) 2002 Community Development Block Grant (CDBG) funds and balancing overages and shortages in the final allocations for PY2003 CDBG, HOME, and Emergency Shelter Grant (ESG) funding.

FISCAL IMPACT —

This action will balance the 2003 budgets for CDBG (estimated allocation - \$5,130,000, final allocation \$5,151,000), HOME (estimated - \$1,450,000, final - \$1,144,102), and ESG (estimated - \$181,000, final - \$178,000); and allocate \$126,950 of unspent 2002 CDBG funds to five 2003 projects.

RECOMMENDATION —

Approval.

BACKGROUND —

The following is a list of projects/activities, which have unspent funds from the 2002 program year:

<u>Project/Activity</u>	<u>Amount</u>
2002 Administration	\$ 91,099
2002 Section 108 Loan Repayment	20,871
2002 Public Works Cleanups	236,125
2002 Institute for Social and Economic Development (ISED)	332
2002 Home, Inc.	20,812
2002 Metro Transit Authority (MTA)	<u>6,331</u>
Total	\$375,570

The unspent administration money results from not filling a vacant monitoring position in the Community Investment Administration Division and receiving additional administrative funding from the Supportive Housing and State Emergency Shelter Grants programs.

The unspent Section 108 loan repayment for the Archie Brooks Community Center is the result of a "variable" interest rate.

The Cleanup project received \$316,301 of program income in 2002 from CDBG eligible areas. Program income has to be spent first resulting in a \$236,125

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unspent balance in 2002 CDBG Entitlement funds.

ISED under spent their 2002 allocation by a small amount.

Home, Inc. had a vacant position for several months.

The MTA - Opportunities Thru Transit program experienced a decrease in ridership the last quarter of the year. There is a time lag between adding new clients to the program and incurring expenses.

At their meeting on May 7, 2003, the Neighborhood Revitalization Board (NRB) reviewed the staff recommendations for allocating unspent 2002 CDBG funds and approved a motion to recommend the following to the City Council:

<u>Project/Activity</u>	<u>Amount</u>
Neighborhood Investment Corporation - Mickle Center	\$ 25,000
Special Assessment Subsidy	60,000
Creative Visions – Remodeling	20,000
2003 ESG Shortage	1,950
Des Moines Neighbors Leadership Institute	<u>20,000</u>
Total	\$ 126,950

At the public hearing approving the 2003 Consolidated Plan on November 4, 2002, the City Council allocated the first \$25,000 of unspent funds to the Neighborhood Investment Corporation for rehabilitation of the Mickle Center in Sherman Hill.

The 2003 Special Assessment Subsidy project will need additional funds this year to cover higher than anticipated applications for the Grandshire Sewer project. In addition, there is greater than estimated participation in the sidewalk replacement program.

On April 7, 2003, the City Council received and referred to the City Manager a request from Creative Visions for \$20,000 to assist in the renovation and remodeling of their offices at 13th and Forest to create a community resource center. The manager referred the issue to the NRB and the Board recommended CDBG funding for the project at their meeting of May 7, 2003.

The 2003 Emergency Shelter Grant allocation (\$178,000) is \$3,000 less that was projected last fall before the federal budget was finalized. The \$1,950 of unspent CDBG funds will make up a portion of this shortage and the remainder (\$1,050) will come from ESG administrative funds.

Since the NRB meeting on May 7, the City has been approached by Des Moines Neighbors for \$20,000 of CDBG funding for the Des Moines Neighborhood Leadership Institute. A funding emergency has arisen as a result of the Des Moines Art Festival's decision not to use Des Moines Neighbors to help with the physical operation of the festival this year. This has been a fundraiser for Des Moines Neighbors and will affect their ability to fund the Leadership Institute. Des Moines Neighbors has been working with the Annie

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E. Casey Foundation to develop a model and implement leadership training for local residents interested in community involvement. While the NRB has not reviewed this request, we believe that the Board is interested in this issue and that it has the potential to strengthen neighborhood associations and the level of participation in community issues. Staff recommends that the City Council allocate \$20,000 of unspent CDBG funds for the Leadership Institute contingent on the development of an appropriate contract.

The final allocation of 2003 CDBG funds is \$21,000 more than estimated last fall. The NRB is recommending that this amount be added to the remaining unspent CDBG funds for a total of \$269,620. The NRB further recommends that this amount be held for the 2004 planning process to help offset anticipated federal reductions in entitlement grant funding. Staff concurs.

The City received \$1,144,102 in 2003 HOME funds, which is \$305,898 less than estimated last fall. Staff recommended, and the NRB concurred, that this shortfall be made up by reducing the 2003 HOME allocation to the Neighborhood Conservation Services (NCS) Division. The New Construction component would be reduced by \$65,000, Investor Owner by \$186,000, and HOME Administration by \$54,898. Because of a sometimes lengthy start up time on some projects, and the chance that project commitments can fall through, it is believed that NCS can absorb these reductions.

