

**CITY COUNCIL
COMMUNICATION:**

03-532

AGENDA:

NOVEMBER 17, 2003

SUBJECT:

PY 2004 HUD
CONSOLIDATED
PLAN

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

ERIC A. ANDERSON
CITY MANAGER

ITEM _____

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

SYNOPSIS —

City Council approval of the Program Year (PY) 2004 Housing and Urban Development (HUD) 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, 2004.

FISCAL IMPACT —

The Consolidated Plan includes a projected \$5,000,000 of CDBG funds; \$1,100,000 of HOME funding; and \$179,000 of ESG funds. In addition, there is \$437,493 of unspent CDBG funds available for reprogramming (see Attachment 1 attached to the roll call) contained in the 2004 Consolidated Plan for a total of \$6,716,493 in projected funds available. Funding levels are contingent upon final Congressional and Executive Branch approval.

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 ESG 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.

In 1999, City staff, private and public sector representatives, and a Committee of the Neighborhood Revitalization Board (NRB) prepared a Needs Analysis for the Five-year Consolidated Plan Strategy. Needs in the categories of housing, community development, economic development, public services, and infrastructure were identified.

The analysis showed 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

**CITY COUNCIL
COMMUNICATION**

03-532

NOVEMBER 17, 2003

PAGE TWO

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, day care, transportation, etc.) and neighborhood revitalization activities.

On May 19, 2003, 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 28 public and/or private agencies requesting \$8,694,906 for 44 separate activities. Staff in the Community Investment Administration Division of the Housing Services Department, together with representatives of public and private agencies, rated the proposals. The rating system emphasized agency capacity, funding leverage, past performance, goals, and objectives. The staff also provided funding recommendations to the NRB along with the ratings.

On September 9, 10, and 11, 2003, the NRB heard presentations from agencies submitting proposals and met in an all-day session on Saturday, September 13, 2003 to finalize their recommendations for funding. The City Council received the NRB recommendations on October 6, 2003, 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 17, to finalize the 2004 Consolidated Plan. HUD regulations require that the plan be submitted at least 45 days before the implementation date of January 1, 2004. Because of the timing of City Council meetings, the City has received permission from HUD to submit the final 2004 Consolidated Plan on November 19, 2003, which is 43 days prior to the January 1, 2004 implementation date.

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

HUD regulations allow entitlement communities to allocate 20 percent of CDBG funds (\$5,000,000) and program income for the above costs. Based on the 2004 projection, this would amount to \$1,000,000. The management, monitoring, and citizen participation costs are \$542,132 (10.9 percent). Neighborhood Revitalization, Economic Development Administration, and Planning costs total \$182,868 (3.6 percent). The indirect costs for 2004 will be \$275,000 (5.5 percent). The total projected costs are \$1,000,000 or 20 percent of the projected entitlement grant, not including possible program income. Based on past experience, when the actual 2004 program income is factored in at the end of the year, the percentage will be approximately 17.0 percent.

The Section 108 Loan repayment is:

Archie Brooks Center (9th of 9 payments) \$126,000 (estimated final

payment)

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

For the most part I agree with the NRB recommendations. The following projects are where there are significant differences.

Police Department – Neighborhood Based Service Delivery (NBSD): The NRB recommended \$321,834 of CDBG funding. I am recommending \$342,295 of CDBG plus \$163,993 of unspent Social Services Block Grant (SSBG) funds from the Enterprise/Community program. All remaining SSBG funds will be spent within the Enterprise/Community boundaries. The Enterprise/Community funding is the final amount remaining from an almost \$3 million, ten-year grant allocated in 1994. At the end of the contract period (September 30, 2004) any remaining funds have to be returned to the State of Iowa. The total CDBG and SSBG funding (\$506,228) will cover the costs of at least five police officers in NBSD areas of the Enterprise/Community. This approach will ensure that the funds are expended within the time limit, benefit a large number of residents in the Enterprise/Community, and help continue a nationally-recognized program that has demonstrated effectiveness in helping to revitalize neighborhoods.

The Enterprise Community Steering Committee (ECSC) has met and recommended the following use of the remaining SSBG funding:

- \$30,000 Grubb YMCA Literacy Project
- \$30,000 Evelyn Davis Learning Center
- \$23,000 Top Value Employee Training Program
- \$30,000 Creative Visions Outreach Program
- \$30,000 OSACS Educational Efforts
- \$20,000 Black Ministerial Alliance Parent Program

In order to ensure that the remaining SSBG funding is expended and not returned to the State of Iowa, I have recommended that all \$163,993 be allocated to the NBSD program. Recognizing the concerns that led to the requests above, I recommend that the programs recommended by the ECSC, be considered for funding as CDBG reprogramming funds become available. Each request should be reviewed on a case-by-case basis, including both financial and operational information.

Human Services Planning Alliance (HSPA) – Child Care Services: The NRB recommended no CDBG funding for this activity. I recommend \$80,000 of CDBG. As explained in their October 6 letter to the City Council, the NRB acted on a staff recommendation to allocate \$80,000 of unspent SSBG funds for child care in the Enterprise/Community. Upon further review by HSPA staff, it was determined that the money could not be spent before the SSBG contract expired, and CDBG would provide more flexibility in assisting eligible households in both the Enterprise/Community and the rest of the City.

Creative Visions – Project Turnaround: The NRB recommended \$50,000 of CDBG. I am recommending \$75,000. Creative Visions has expanded their scope of services and is coordinating their efforts with the Central Iowa

Employment and Training Consortium (CIETC), Workforce Development, and Des Moines Area Community College (DMACC). They recently remodeled their office, installed computers for program participants, and will be able to increase the number of persons they assist in finding jobs.

Neighborhood Finance Corporation (NFC) – Homebuyer Education: The NRB recommended \$68,949 of CDBG. I am recommending -0- funding for this project and that \$40,000 be set aside to begin a program to identify homes with lead-based paint and remove it. The Environmental Protection Agency recently informed the City that blood screenings conducted by the State Health Department indicated that approximately 14 percent of children below the age of six in one Des Moines zip code had levels of lead in their blood that exceeded health standards. We have requested the results of blood screenings for all zip codes in Des Moines, and I believe it is important that the City do what it can to address this problem. This is a significant health hazard that can be removed with a concerted effort. Both public and private grants are available to assist in this effort. The City was unsuccessful in obtaining a grant from a private foundation last year, and part of the funds will be used to double our efforts to obtain the funding needed to eliminate lead-based paint in both owner-occupied and rental housing throughout the City.

The remaining funds recommended for the NFC Homebuyer Education project have been reallocated to maintain the level of funding recommended by the NRB for various Public Services projects. The homeless programs, the Police portion of the NBSD program, child care, transportation, job training, neighborhood site offices, Spring Clean-up and Removal of Urban Blight (SCRUB), and homeownership counseling are all classified by HUD as Public Services. There is a cap on how much CDBG funding can be allocated to Public Services. In Des Moines that cap is 21 percent or \$1,067,195, whichever is lower. The amounts recommended for Public Services total \$1,067,195 and, by regulation, cannot exceed this amount.

If negotiations are successful with HUD regarding reclassification of NFC's Homebuyer Education Program from Public Service to Housing, the City can ideally reprogram funds early next year to implement NFC's program.

Community Services Site Office Consolidation

The Community Development Department has submitted a proposal for the consolidation and reduction of outreach/site offices (see Attachment 2 attached to the roll call). I concur with this proposal and recommend its approval by Council as a part of approval of the 2004 HUD Consolidated Plan.

Carryover, Contract Extensions, and Program Income

The NRB will review requests for contract extensions, carryover funds, and program income after the first of the year, when these can more accurately be determined. Their recommendations will be forwarded to the City Council in March 2004.

NRB Comments and Concerns

On October 6, 2003, the NRB forwarded their recommendations on the 2004 Consolidated Plan. Included in their recommendations were comments and concerns regarding various projects. More specifically, the NRB recommended that if Hawthorn Hill resolves problems at their New Directions Shelter, \$30,000 of CDBG funding be allocated from either additional funding or reprogramming. I concur with 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 Fifth Action Year Plan for the Five-Year Consolidated Plan, and look forward to working with the Board, City Departments, and other agencies to implement programs that will provide decent, safe, and affordable housing for low-income residents of the City of Des Moines.