



**Council
Communication**
Office of the City Manager

Date	April 21, 2008
Agenda Item No.	36
Roll Call No.	<u>08-</u>
Communication No.	<u>08-210</u>
Submitted by:	Richard A. Clark, City Manager

AGENDA HEADING:

Approving Reprogramming of Prior Years' Community Development Block Grant (CDBG) Funding to Balance the Program Year (PY) 2008 Funding Shortfall and Close Out 2006 Neighborhood Conservation Services (NCS) Projects.

SYNOPSIS:

Recommend approval to reprogram prior years' unspent CDBG funding to balance the PY 2008 Consolidated Plan and close out 2006 NCS projects. As approved by Council on November 19, 2008, the Consolidated Plan allocates Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and Emergency Shelter Grant (ESG) funding for the period of January 1 to December 31, 2008. Due to increased program income and unspent CDBG allocations, funding is available to balance a CDGB shortfall of \$506,576. This shortfall is due to less than expected funding from the U.S. Department of Housing and Urban Development (HUD).

FISCAL IMPACT:

Amount: \$506,576 (PY 2006, 2007 CDBG and program income)

Funding Source:

Prior years' unspent CDBG funding:

- HUD CDBG; 2007-08 Operating Budget, SP020 CDD049900, Page 105.
- HUD CDBG; 2006-07 Operating Budget, SP020 CDD049900, Pages 312-313.

ADDITIONAL INFORMATION:

The following is a list of CDBG projects with unspent funds from previous program years:

<u>2007 Projects</u>	<u>Amount</u>
Administration	\$136,250.25
NBSD Carryover	178,336.28
NCS (PY '06 CDBG)	121,780.78
Rehabilitation/Demolition Program Carryover	67,065.42
Central Iowa Shelter and Services – Transit	1,426.00
CHCD SeniorWise	91.00
Hansen House	113.00
<u>Des Moines Area Regional Transit Authority (DART)</u>	<u>1,513.27</u>
Total	\$506,576.00

Administration, Central Iowa Shelter and Services, Hansen House, and DART did not spend their entire 2007 allocations. Further, the Community Development Department's NCS Program has returned \$121,780.78 of unexpended PY 2006 CDBG funding. Vehicle impound fees from the NBSD Program have generated significant program income, of which \$178,336.28 is being recommended to assist in balancing the 2008 CDBG shortfall. The City's Rehabilitation/Demolition Program for commercial and residential structures and the Community Housing Development Corporation's SeniorWise Program also have generated program income that is available for reprogramming as specified above.

The following shows actual 2008 Consolidated Plan funding compared to what was projected in September 2007:

<u>2008</u>	<u>CDBG</u>	<u>HOME</u> (includes American Dream Downpayment Initiative (ADDI))*	<u>ESG</u>
Estimated	\$4,750,000	\$1,175,000	\$195,000
Actual	4,247,070	989,055	189,859
Difference	(502,930)	(185,945)	(5,141)
Reprogrammed	+75,000	-0-	-0-
Admin.	(892,939)	(97,979)	(18,985)
Available for Projects	3,429,131	891,076	170,874
Allocated 11/19/07	3,935,707	1,085,000	175,500
Shortfall	(\$506,576)	(\$193,924)	(\$4,626)

* Estimated ADDI for 2008 was \$25,000. The actual allocation is \$9,256.

At the November 19, 2007 public hearing to approve the 2008 Consolidated Plan, Council approved a motion to give priority to Primary Health Care for \$7,000 of any additional or reprogrammed funds. Because of the significant shortfall, however, staff recommends that additional funding not be allocated to Primary Health Care.

The shortage in HOME funds can be absorbed by the Neighborhood Conservation Services Division. The shortage of ESG funding can be balanced by reducing the administration allocation to Housing Services by \$4,626.

PREVIOUS COUNCIL ACTION(S):

Date: November 19, 2007

Roll Call Number: 07-2231

Action: On Proposed Fourth (2008) Year Action Plan of the 2005-2009 U.S. Department of Housing and Urban Development (HUD) Consolidated Plan. (Council Communication No. 07-694) Moved by Hensley to adopt with the understanding that this be discussed at an upcoming workshop to revisit the timeline, criteria and reprogramming dollars. Motion Carried 6-1. Nays: Cownie.

BOARD/COMMISSION ACTION(S):

Date: April 2, 2008 (Neighborhood Revitalization Board – NRB)

Roll Call Number: N/A

Action: The NRB reviewed and recommended approval of closeout of 2006 NCS projects, carryover to 2008 NCS projects and reprogramming of NCS CDBG funding to be applied toward the 2008 CDBG shortfall.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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