



Council Communication

Office of the City Manager

Date	July 14, 2008
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Agenda Item No.	76
Roll Call No.	<u>08-</u>
Communication No.	<u>08-419</u>
Submitted by: Larry Hulse, Director Community Development Department	

AGENDA HEADING:

Resolution authorizing request for Emergency Community Development Block Grant Funds from Iowa Department of Economic Development.

SYNOPSIS:

The Iowa Department of Economic Development (IDED) will receive an emergency grant from the U.S. Department of Housing and Urban Development to respond to the needs of flood victims. If authorized, the City will apply for funds for a voluntary buy-out program for flood-damaged residential properties and to supplement the existing home repair programs with priority to repair flood damaged properties. Council authorization provides the ability to act expeditiously when funding becomes available and to let citizens know that the city intends to request funding for voluntary buy-outs and home repairs.

FISCAL IMPACT:

Amount: To be determined based on approved grant amount and program participation and eligibility.

Funding Source: U.S. Department of Housing and Urban Development – Community Development Block Grant (CDBG) funds

ADDITIONAL INFORMATION:

The majority of the homes damaged by floods in the Birdland area and throughout the City can be repaired for the homeowner. There is a need for additional money, however, for the property owner to re-build to the home's pre-flood condition and bring the house to current city codes. There will be a few properties that could be purchased under a buy-out program and demolished as a more cost-effective approach for the existing homeowner. The use of CDBG Funds will allow the City to resell any buy-out properties in the future for redevelopment with new housing.

Voluntary Buy-out Program for Flood Victims Using CDBG Funds

The City's Real Estate Division of the Engineering Department will administer the flood buy-out program, and the program guidelines will be based on previous City sponsored flood buy-out programs. Since the buy-out program is completely voluntary and eminent domain will not be used, the City is exempt from following the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (hereinafter referred to as URA). In addition, any Federal Emergency Management Agency (FEMA) payouts or insurance proceeds received by buy-out properties would be deducted from the amount provided by the City through the CDBG funding.

The Birdland Area will be given first priority under the proposed buy-out program. For purposes of this program a "Flood Victim" is the owner of a residential property that experienced damage during the month of June, 2008, caused by flood waters. Below is the proposed criteria that would be used to determine eligible properties under the buy-out program, subject to approval by IDED:

- Property must be located in the 500 year flood plain
- Property was damaged by flood waters during the June 2008 flooding event
- Cost of home repair is more than 60% of the building assessed value based on: contractor's estimate, insurance adjustor's estimate, city inspector's estimate or combination of above.
- Property must be owner-occupied

City Rehabilitation Program for Flood Victims using CDBG funds.

The City's Community Development Department is currently prioritizing the use of unexpended CDBG funding for homes damaged by the flood. In addition, the City will apply for an emergency allocation of CDBG funds to be administered through the IDED.

To be eligible for the rehabilitation program, the property must have suffered structural or major damage to the foundation, plumbing, electricity, heating or air-conditioning systems by flood waters. The program can not provide funding for replacement of appliances, furniture, or other possessions.

First priority will be given to flood-damaged properties in the Birdland area. All households must be below 80% of median income and may receive either minor or major rehabilitation assistance depending on the amount of damage and the availability of funding. The City will deduct the FEMA payout or homeowner's insurance if the homeowner received such a payment from a major or minor rehabilitation project.

Subject to funding availability, any remaining funding would be used for owner-occupied flood-damaged properties located elsewhere within the City of Des Moines. This assistance would follow the program rules of the city's "Minor Rehabilitation Program" and provide an assistance amount up to \$9,000. Owners would need to have an income below 80% of median income.

PREVIOUS COUNCIL ACTION(S): NONE

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Approval of contract with IDED; approval of rehabilitation and buyout programs; and authorization to acquire buyout properties (including relocation assistance), if funds successfully granted.

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