



Council Communication

Office of the City Manager

Date

June 3, 2009

Agenda Item No. 3

Roll Call No. ~~09-~~

Communication No. ~~09-352~~

Submitted by: Chris Johansen, Assistant City Manager

AGENDA HEADING:

Public Hearing and approval of the proposed Substantial Amendment to the Fourth Year (2008) Action Plan of the 2005 – 2009 HUD Consolidated Plan for the Community Development Block Grant Recovery (CDBG – R) Program.

SYNOPSIS:

To receive and file citizen views and comments on the proposed substantial amendment to the Fourth (2008) Year Action Plan of the 2005 – 2009 HUD Consolidated Plan for the CDBG-R program and authorize the Mayor or his designee to submit the amendment to HUD.

FISCAL IMPACT:

Amount: \$1,152,886

Funding Source: HUD Community Development Block Grant – R Program

ADDITIONAL INFORMATION:

The City was recently notified that under Title XII of the American Recovery and Reinvestment Act of 2009, Congress designated additional financial assistance and services to local governments to carry out, on an expedited basis, eligible activities under the CDBG program. Upon the successful submission of a substantial amendment to the Fourth (2008) Year Action Plan of the 2005-2009 HUD Consolidated Plan, HUD will provide \$1,152,866 of additional CDBG funds to be spent on eligible activities over the next three years. The substantial amendment has to be submitted to the HUD Field Office by June 5, 2009.

The purpose of the additional funding is to stimulate the economy through measures that modernize the nation's infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents. HUD encourages these funds to be under contract as soon as possible.

Attached to the City's substantial amendment is an electronic spreadsheet which includes activity names, activity descriptions, CDBG-R dollar amount budgeted, eligibility categories, national objective citations, and total activity budgets. Also included in the substantial amendment on pages 3 & 4 are descriptions of local projects to be funded.

An allocation of \$737,598 of CDBG-R funds to the Neighborhood Infrastructure Improvement Program (NIRP) has been proposed to expand services currently being provided in low-/mod-income areas of the City that are participating in the Neighborhood Revitalization Program. Most of the preliminary planning for NIRP has been completed and the activities can be started and completed expeditiously. Street, curb, and sidewalk improvements will meet HUD's stated preference for hard development costs, will preserve and create jobs, invest in infrastructure, and minimize or avoid reductions in essential services.

It is also proposed to allocate \$300,000 of CDBG-R funding to the Residential Demolition Program. This will expand the program in low-/mod- income areas of the City that are participating in the Neighborhood Revitalization Program. The Demolition Program will remove abandoned structures that reflect negatively on neighborhood appearance and create health and safety hazards. Infill housing can be constructed on the cleared lots and help stabilize and improve affordable housing opportunities in distressed neighborhoods.

Up to 10% of the funds will be allocated for administration, monitoring, reporting, audit, and other financial activities.

It is recommended that the City Council adopt the above recommendations for allocation of CDBG-R funds and submit the substantial amendment to HUD.

PREVIOUS COUNCIL ACTION(S):

Date: May 18, 2009

Roll Call Number: 09-852

Action: On proposed substantial amendment to the Fourth Year (2008) Action Plan of the 2005-2009 HUD Consolidated Plan for the Community Development Block Grant Funding (CDBG-R) under the American Recovery and Reinvestment Act of 2009, (Hearing will be held at a special Council meeting on June 3, 2009 at 4:00 PM). Moved by Kiernan to adopt. Motion Carried 6-1. Absent: Cownie.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Council approval of the Grant Agreement with HUD for CDBG-R funding.

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