



Council Communication

Office of the City Manager

Date

November 09, 2009

Agenda Item No. 50

Roll Call No. 09-

Communication No. 09-771

Submitted by: Richard A. Clark, City Manager

AGENDA HEADING:

Public Hearing and Approval of the Proposed First (2010) Year Action Plan of the 2010-2014 U.S. Department of Housing and Urban Development (HUD) Consolidated Plan Strategy.

SYNOPSIS:

This action approves the First (2010) Year Action Plan of the 2010-2014 HUD Consolidated Plan as recommended by the City Manager. The Action 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, 2010.

FISCAL IMPACT:

Amount: \$5,732,824 (includes \$194,138 in unspent CDBG funds from prior years)

The Program Year (PY) 2010 HUD block grant entitlement funds available in the three programs included in the Consolidated Plan are currently estimated to be:

CDBG, \$4,262,742 plus \$194,138

HOME Program, \$1,086,850

ESG, \$189,094

These funding levels are based on the estimates of several national community development and municipal associations and are the same as the 2009 entitlement awards. Funding levels are contingent on final Congressional and Executive Branch approval.

Funding Source:

HUD CDBG (CDBG2010099); 2009-2010 Operating Budget, Page 106, SP020 CDD049900

HOME (HOME2010000); 2009-2010 Operating Budget, Page 108, SP036 CDD049900

ESG (HESG2010099); 2009-2010 Operating Budget, Page 109, SP039 CDD049900.

ADDITIONAL INFORMATION:

The Housing and Community Development Act of 1974, as amended, requires the City to submit a Consolidated Plan for HUD Community Planning and Development Entitlement Grants including CDBG, HOME and 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.

On June 22, 2009, by Roll Call 09-1084, the City Council adopted the priority goals and objectives recommended by the Neighborhood Revitalization Board (NRB) and authorized distribution of Notices of Funding Availability (NOFAs) to potential operating agencies for programs to address the objectives for the 2-year period from January 1, 2010 – December 31, 2011.

The City received proposals for 32 separate activities for the 2010/2011 program years. Staff in the Community Investment Administration Division of the Housing Services Department, together with representatives of public and private agencies reviewed and rated all the proposals that were submitted. The rating system emphasized agency capacity, funding leverage, past performance, goals and objectives. The staff recommendations focused on programs that provide permanent improvements including housing rehabilitation, new construction, infrastructure improvements, economic development and neighborhood appearance and safety. The staff also provided funding recommendations to the NRB, along with the ratings.

On September 22 - 24, 2009, the NRB heard presentations from agencies submitting proposals and met on Saturday, September 26, 2009 to finalize their recommendations for funding. The City Council received the NRB recommendations on September 28, 2009, by Roll Call 09-1749.

Also at their meeting on September 28, 2009, by Roll Call 09-1748, the City Council 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 9, 2009 to finalize the 2010 Action Plan of the 2010-2014 HUD Consolidated Plan. The 2010 Consolidated Plan will be submitted to HUD by November 16, 2009 in order to meet the 45 day review period mandated by the regulations. The Plan will go into effect on January 1, 2010.

Administration, Public Services, and CHDO Allocations

Under HUD regulations, there is a cap of 20% on the amount of CDBG funds that can be allocated for administration. The proposed allocation (\$852,550) for administration is 20% of the estimated 2010 CDBG entitlement. However, capacity building and planning projects, if funded at their requested amounts, including Des Moines Neighbors (\$25,000), the Polk County Housing Continuum (\$50,000) and the Drake Neighborhood Historic survey are also charged against the administrative cap. When program income is added to the total CDBG funds available at the end of the 2010 program year, administrative costs should be at or below the administration cap.

There is a 15% cap on the CDBG funds that can be allocated for public services. However, there is a "grandfather clause" that allows cities to spend up to the percentage of funds that were allocated in 1982, when the regulations were changed. Des Moines can spend up to 20% of entitlement funds and the previous year's program income for public services. The NRB is recommending that \$705,500 (16.5%) be allocated for public services in 2010. When projected program income is added to the estimated 2010 allocation the City should be at 15%.

A minimum of 15% (\$163,028) of HOME funds has to be allocated, by regulation, to Community Housing Development Organizations (CHDOs). Another 5% (\$54,343) can be allocated for CHDO

operating expenses, if appropriate. There is a 10% cap on HOME administrative costs and the City Manager's recommendations meet these requirements.

At the City Council Workshop held on October 26, 2009, the City Council was presented the NRB recommendations for their review. With the current fiscal constraints of the City, some vital CDBG programs in our neighborhoods that have been historically funded partially by the general fund may be reduced or stopped. To continue these programs, CDBG funding needs to be utilized to maintain the programs in the community. This funding would be approximately \$700,000 for continued operations at the site offices and the neighborhood based service delivery program.

The Council should be aware that the general rule is that any activity not authorized under the CDBG regulations is ineligible to be assisted with CDBG funds. In addition, the regulations stipulate that the following activities may not be assisted with CDBG funds:

- Buildings for the general conduct of government (e.g., city hall);
- General Government expenses;
- Political activities;
- New housing construction, except under certain conditions or when carried out by a Community Based Development Organization (CBDO);
- Income payments (rent, utilities, etc., for low-income residents);

My recommendations for the two-year funding allocations are as follows:

- The 2010 allocations will be similar to the NRB recommendations with the exceptions listed below.
- The 2011 allocations will not include any funding for non-profit agencies. The CDBG funding will be allocated for City programs that benefit our neighborhoods. These allocations will follow the normal allocation process next year and be recommended to the City Council for approval. All non-profit agencies that have historically received CDBG funding in the past will have a year to prepare for this loss of funding. These agencies and programs are the following:
 - ISED Microenterprise Development
 - Catholic Charities – St. Joseph Emergency Family Shelter
 - Central Iowa Shelter – Community Kitchen
 - Central Iowa Shelter – Emergency Homeless Shelter
 - Central Iowa Shelter – Transit Shuttle Service
 - CFI – Family Violence Center
 - HHM – New Directions Shelter
 - IHYC – Reggie's Place
 - PHC – Clinic Operations Support
 - Beacon – Transitional Housing and Support Services
 - CFI – Compass Project
 - Home Connection – Transitional Housing Program
 - IHYC – Transitional Living/St. Outreach
 - MECCA – Transitional Housing
 - Des Moines Neighborhood Resource Office
 - CDD – Polk County Housing Continuum
 - CCI – Home Ownership Project
 - NFC – Homebuyer Education

- NFC – Tool Lending Library
- DART – Opportunities Thru Transit/Wages

The following are the exceptions to the NRB recommendations for 2010 funding, which are being recommended.

Neighborhood Based Service Delivery – Neighborhood Inspection Division

NRB Recommendation - \$1,047,500

City Manager Recommendation - \$1,064,184

Des Moines Neighborhood Resource Office

NRB Recommendation - \$25,000

City Manager Recommendation - \$55,000

YWCA – Operating Costs

NRB Recommendation - \$10,000 contingent on performance during the first 6 months of 2010

City Manager Recommendation - \$0

Criminal Justice – Hansen House

NRB Recommendation - \$15,000 contingent on performance during the first 6 months of 2010

City Manager Recommendation - \$0

PW – NH Infrastructure Rehabilitation Program NIRP

NRB Recommendation - \$310,830

City Manager Recommendation - \$300,146

ENG – Demolition

NRB Recommendation - \$100,000

City Manager Recommendation - \$89,000

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.

The City Manager is grateful to the Neighborhood Revitalization Board for their diligent efforts in reviewing all of the proposals that were submitted for funding. Their work contributes to ensuring that this limited amount of funding is allocated to agencies that will have the greatest impact in our community.

PREVIOUS COUNCIL ACTION(S):

Date: September 28, 2009

Roll Call Number: 09-1749

Action: Communication from Neighborhood Revitalization Board. Moved by Coleman to adopt.
Motion Carried 7-0.

Date: September 28, 2009

Roll Call Number: 09-1748

Action: On proposed First (2010) Year Action Plan of the 2010-2014 U.S. Department of Housing and Urban Development (HUD) Consolidated Plan, (11-9-09). (Council Communication No. 09-671)
Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: September 26, 2009

Roll Call Number: N/A

Action: The Neighborhood Revitalization Board finalized their recommendations for allocation of the First (2010) Action Year of the 2010-2014 HUD Consolidated Plan.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Receiving and approving the 2010 Consolidated Plan Grant Agreement with HUD and implementing the Plan through City departments and sub-recipients.

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