

 <h1 style="text-align: center;">Council Communication</h1> <p style="text-align: center;">Office of the City Manager</p>	Date: June 28, 2010
	Agenda Item No. 50B Roll Call No. <u>10-1072</u> Communication No. <u>10-368</u> Submitted by: Doug Romig, Housing Services Director

AGENDA HEADING:

Reprogramming of prior years' unspent Community Development Block Grant (CDBG) funding and additional funds received for 2010 HUD Consolidated Plan Programs.

SYNOPSIS:

Approval of City Manager's recommendations for reprogramming unspent prior years CDBG funds and allocating additional 2010 Consolidated Plan funding.

FISCAL IMPACT:

Amount: \$621,455.82

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

ADDITIONAL INFORMATION:

The following is a breakdown of CDBG funds available for reprogramming. The funds available come from additional 2010 CDBG funds which exceeded the estimate used to prepare the 2010 First-Year Action Plan for the 2010 – 2014 Consolidated Plan. This estimate was developed in August, 2009 based on information available at that time. The rest of the reprogramming amounts come from previous years' unspent funds and a 2010 project cancellation.

	<u>CDBG</u>	<u>HOME</u>	<u>ADDI</u>	<u>ESG</u>
2010 Projected	\$4,262,742	\$1,086,850	-0-	\$189,094
2010 Actual	4,638,276	1,082,485	-0-	187,214
Reprogrammed	194,138	-0-	-0-	-0-
Administration	(852,550)	(108,685)	-0-	(9,455)
Amount Allocated as of 11/9/09	3,604,330	978,165	-0-	179,639
Difference	+ \$375,534	-\$4,365	-0-	-\$1,880

2009/2010 Reprogramming Funds available	CDBG	Home	ESG
Monitoring Administration	\$83,532.17		
Neighborhood Revitalization	\$67,204.53		
Planning Admin	\$23,468.26		
Planning/Urban Development	\$904.46		
ISED	\$2,620.53		
Hansen House	\$6,839.00		
NFC Tool Reimbursement (2010)	\$7,274.00		
NFC Tool Lending (2010) Cancellation	\$50,000.00		
DART	\$1,237.00		
Polk Co. Housing Trust Fund-Homeless Coord.	\$2,811.00		
Neighborhood Resource Office	\$30.87		
2010 CDBG Additional Funding	\$375,534.00		
2010 HOME Funding Reduction		(\$4,365.00)	
2010 Emergency Shelter Grant Reduction			(\$1,880.00)
Total Balance for Reprogramming	\$621,455.82	(\$4,365.00)	(\$1,880.00)

Administrative funds were not all spent because of additional funding from other sources such as the Supportive Housing Program, a Department of Labor pass through grant, Neighborhood Stabilization Program and Disaster grants.

The Neighborhood Finance Corporation (NFC) decided to operate the Tool Lending Program on a city-wide basis and fund it from their other resources. They also purchased the CDBG-funded tools at their depreciated value and the money was returned to be used for other CDBG-eligible programs. Several projects under-spent their allocations, due to staff vacancies and lower than expected client participation.

The City Manager agrees with the Neighborhood Revitalization Board (NRB) in recommending that reprogramming funds be allocated to the following projects:

- NBSD – allocate \$146,748.68 to balance the 2009 budget shortfall of \$167,708.23. Program income for 2009 was less than the \$300,000 projected. The salvage value of impounded vehicles dropped significantly and this amount of CDBG funding along with other adjustments is needed to balance the project budget.
- Demolition – allocate \$11,303.10 to balance the 2009 shortfall. The budget shortfall for 2009 was more than this, but the Engineering Department was able to charge off some of it to the CDBG-R program.
- Reggies’ Place – a one-time allocation of \$50,000 to pay the rent at the 7th St. Parking Garage location.
- Hansen House – a one-time allocation of \$15,000 to help stabilize the agency.
- NCS Rental Rehabilitation – allocate \$120,000 to eliminate a deficit in the CDBG Rental Rehab Program.
- Des Moines Public Schools Home Remodeling Program – a one-time allocation of \$78,000 to complete the rehabilitation of two houses. The homes will be sold and the proceeds, estimated to be approximately \$135,000, will be program income which can be reallocated to CDBG activities...

- Consolidated Planning – allocate \$11,908 to the Community Development Department for planning, environmental reviews, and Neighborhood Revitalization. The increase in 2010 CDBG funds resulted in an additional \$75,106.80 for administrative costs, of which only \$11,908 will be allocated for administration and the balance is included in the project funding.
- Emergency Shelter Grant – the final HUD allocation was \$1,880 less than the staff estimate. The NRB proposes to reduce the New Directions’ allocation of ESG funds by the shortfall amount and increase the CDBG allocation to the agency by a like amount.
- HOME – the HOME allocation was \$4,365 less than the estimated amount and the program can absorb the reduction with little effect.
- Anawim Housing – Shelter Plus Care made a request for assistance which was not included in the information that went to the NRB in early May. The agency is requesting a one-time payment of \$20,000 to balance the cost of the 2009 program. The Polk County Housing Trust fund has provided \$28,000 of the \$48,000 needed. More of the clients remained in the permanent rental housing longer than is usually the case. In most years, clients move out and the units are vacant for various periods of time which results in lower rental costs.

The above allocations total \$454,839.78 and after deducting that amount from the funds available (\$621,455.82) there will be \$166,616.04 remaining. The NRB is recommending that these funds be carried over to be added to the funds available for the 2011 Action Plan. This will allow more time and information to consider the allocation of these funds. Staff reports that early indications regarding the Fiscal Year 2011 Federal budget are not optimistic and reductions in HUD and other domestic programs are predicted. If funding is reduced, the retained funds from 2010 may be needed to continue high priority programs.

PREVIOUS COUNCIL ACTION(S):

Date: November 9, 2009

Roll Call Number: 09-2055

Action: [On](#) proposed First (2010) Year Action Plan of the 2010-2014 U.S. Department of Housing and Urban Development (HUD) Consolidated Plan. ([Council Communication No. 09-771](#)) Moved by Hensley to adopt the following: 1. Approve the City Manager’s recommendations for 2010, with an amendment to allocate an additional \$10,000 to the Drake Neighborhood Historic Survey and reduce the funding in the NIRP Program. 2. Allow discussion with NRB, United Way and others regarding the process for future years, and come back at the December 21st Council meeting with a recommendation. 3. City Manager to provide recommendations for implementation of necessary policy changes and procedures. 4. Share Council’s intent to reduce future funding for agencies, and ask the agencies to provide their plans for the reductions. Motion Carried 6-1.

BOARD/COMMISSION ACTION(S):

Date: May 5, 2010

Roll Call Number: N/A

Action: Recommend the reprogramming of unspent funds and additional 2010 allocation of CDBG funds.

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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