

 <p style="text-align: center;"><b>Council Communication</b> Office of the City Manager</p>	<b>Date:</b>	November 7, 2011
	<b>Agenda Item No.</b>	<b>51</b>
	<b>Roll Call No.</b>	<b><u>11-1915</u></b>
	<b>Communication No.</b>	<b><u>11-679</u></b>
	<b>Submitted by:</b>	<b>Phillip Delafield, Community Development Director</b>

**AGENDA HEADING:**

Public Hearing and Approval of the Proposed Third (2012) Year Action Plan of the 2010-2014 U.S. Department of Housing and Urban development (HUD) Consolidated Plan strategy.

**SYNOPSIS:**

This action approves the Third (2012) 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 from January 1, to December 31, 2012.

**FISCAL IMPACT:**

Amount: \$4,367,109

Funding Source: Program Year 2012 HUD Consolidated Plan Entitlement Funding, which includes project and administrative funding for the three Consolidated Plan Programs. These funding levels are based on the estimates of several national community development and municipal associations and are contingent on final Congressional and Executive Branch approval.

**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.

The City received proposals for 31 separate activities for the 2012 program year. Staff in the Community Investment Administration Division of the Community Development Department, 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.

On August 27, 2011, the NRB finalized their recommendations for funding HUD Consolidated Plan programs for the 2012 Program Year (January 1, 2012 to December 31, 2012). The City Council received the NRB recommendations on September 12, 2011, by Roll Call 11-1578. Also at their meeting on September 12, 2011, by Roll Call 11-1578, 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 October 24, 2011 to finalize the 2012 Action Plan of the 2010-2014 HUD Consolidated Plan. The 2012 Consolidated Plan must be submitted to HUD for a 45-day review period, before going into effect on January 1, 2012.

#### 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 (\$676,519) for administration is 20% of the estimated 2012 CDBG entitlement grant. When program income is added to the total CDBG funds available at the end of the 2012 program year, administrative costs will be below the administration cap.

There is a 15% cap on the CDBG funds that can be allocated for the public services category. 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 City Manager is recommending that \$327,863 (10%) be allocated for public services in 2012. When projected program income is added to the estimated 2012 allocation the City will be below 10%.

A minimum of 15% (\$125,361) of HOME funds has to be allocated, by regulation, to Community Housing Development Organizations (CHDOs). Another 5% (\$41,787) 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.

For the most part the City Manager is in agreement with the NRB recommendations for 2012 funding. We differ in regards to the following projects.

#### Code Enforcement – Neighborhood Based Service Delivery

NRB Recommendation - \$1,050,000. This is a \$366,184 reduction from the current year's CDBG funding. City Manager recommendation - \$1,416,184, which restores the reduction and allows the project to operate in the low/mod income areas of the City.

#### NCS Housing Opportunities Program

The additional funding for NBSD will come from NCS Housing Opportunities and the Drake Neighborhood Plan, which is a multi-year redevelopment program and has a significant amount of funds (over \$400,000) to carry over from prior years. It appears that there will be additional funding to reprogram for housing later in 2012, because of the slowdown in the housing market.

#### 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.

See attached Table showing the funding recommendations for the 2012 Program Year.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 12, 2011

Roll Call Number: 11-1578

Action: On proposed Third (2012) Year Action Plan of the 2010-2014 U.S. Department of Housing And Urban Development (HUD) Consolidated Plan, (10-24-11). **Moved by Mahaffey to adopt. Motion Carried 7-0.**

**BOARD/COMMISSION ACTION(S):**

Board: Neighborhood Revitalization Board

Date: August 27, 2011

Action: Approved a motion to recommend the 2012 Consolidated Plan allocations.

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Approve grant agreements with HUD for 2012 Consolidated Plan programs.

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ACTIVITY NAME	2011 Funded Amount	2012 CDBG 25%	2012 Requested Amount	NRB Recommendations			City Manager Recommendations			TOTAL
				CDBG	HOME	ESG	CDBG	HOME	ESG	
<b>Neighborhood Capacity Building</b>										
Rebuilding Together - Neigh. Resource Office	\$27,500	\$13,750	\$0	\$13,750			\$13,750			\$13,750
<b>HSG/Residential Redevelopment</b>										
NCS-Housing Opportunities - HOME	\$854,735		\$996,058		\$752,168			\$752,168		\$752,168
NCS-Housing Opportunities -CDBG	\$1,095,783		\$1,395,096	\$800,000			\$633,816			\$633,816
CDD-Drake Neighborhood Plan Implementation	\$0		\$300,000	\$200,000			\$0			\$0
Eng - Demolition	\$109,169		\$110,000	\$146,965			\$146,965			\$146,965
<b>Public Service - Homebuyer Education Program</b>										
CCI - Home Ownership Project	\$25,000	\$12,500	\$0	\$12,500			\$12,500			\$12,500
NFC - Homebuyer Education	\$25,000	\$12,500	\$0	\$12,500			\$12,500			\$12,500
<b>Public Service - Community Services</b>										
CS - Site Office Service Delivery System	\$200,000		\$225,000	\$150,000			\$150,000			\$150,000
<b>Public Service - SCRUB*</b>										
PW - SCRUB	\$100,000		\$124,200	\$100,000			\$100,000			\$100,000
Parks - Cleanup of City Property	\$50,000		\$0	\$0			\$0			\$0
<b>Public Service - Transportation</b>										
DART - Opportunities Thru Transit/Wages	\$10,000	\$5,000	\$0	\$5,000			\$5,000			\$5,000
Totals:	\$4,372,617	\$109,113	\$5,356,904	\$2,706,078	\$752,168	\$148,770	\$2,706,078	\$752,168	\$148,770	\$3,607,016
Projected Totals:				\$2,706,078	\$752,168	\$247,950	\$2,706,078	\$752,168	\$247,950	\$3,706,196