


# COUNCIL COMMUNICATION

 CITY OF DES MOINES OFFICE OF THE CITY MANAGER	Number:	<b>23-170</b>	Meeting:	<b>April 10, 2023</b>
	Agenda Item:	<b>62</b>	Roll Call:	[ ]
	Submitted by:	<b>Chris Johansen, Neighborhood Services Department Director</b>		

## AGENDA HEADING:

Public Hearing for reprogramming of prior years' unspent Community Development Block Grant (CDBG) funds, a Substantial Amendment to the 2023 Annual Action Plan, and Approval of related grant agreements with the U.S. Department of Housing and Urban Development (HUD) under the 2020-2024 Consolidated Plan.

## SYNOPSIS:

Every year, the City reprograms unspent funds from the prior program year (i.e., calendar year 2022) to the current program year (calendar year 2023). More than \$3 million of annual entitlement funds are being reprogrammed to affordable housing, primarily homeowner rehab efforts, and code enforcement. In this instance, a Substantial Amendment is necessary because the reprogramming meets at least one (1) of the criteria listed in the City's Citizen Participation Plan as part of the Consolidated Plan.

This action is also being combined with approval of the annual Grant Agreements the City received from HUD. Staff are combining the actions to streamline administrative processes and prevent delays in receiving grant funds. Grant Agreements will be for program year 2023 CDBG, HOME Investment Partnerships (HOME) Program, and Emergency Solutions Grant (ESG).

## FISCAL IMPACT:

### Amount:

- Reprogramming from 2022 to 2023: \$3,042,340.20 in CDBG
- New Grant Agreements for 2023: \$3,743,198 in CDBG; \$1,120,883 in HOME; and \$336,226 in ESG

Funding Source: HUD

## ADDITIONAL INFORMATION:

- As mentioned in the roll call and below in the Previous Council Actions section, City Council approved the 2023 Annual Action Plan projects and activities on November 7, 2022. The plan was based on estimated funding. No new programs or activities are being proposed.

- On February 27, 2023, HUD announced the actual 2023 funding for entitlement cities. See below for a comparison of estimated funding and actual funding. Overall, the City received a slight decrease in entitlement funds. The funding decrease is due to a decrease in CDBG dollars.

<b>2023 Federal Grant Allocations to City of Des Moines</b>			
	<b>Estimated</b>	<b>Actual</b>	<b>% Difference</b>
CDBG	\$ 3,825,000	\$ 3,743,198	-2.1%
HOME	\$ 1,100,000	\$ 1,120,883	1.9%
ESG	\$ 325,000	\$ 336,226	3.5%
	<b>\$ 5,250,000</b>	<b>\$ 5,200,307</b>	<b>-0.9%</b>

- Annual CDBG entitlement funds to be reprogrammed are coming from Code Enforcement, Homeowner Rehab, IMPACT Community Action Partnership, Housing Development Site Preparation, Housing Counseling, Administration, and Revolving Loan Fund Balance (12/31/22). The reason for unspent funds in each activity is below. There are not any HOME or ESG funds being reprogrammed.
- Please see below for the summary of funds to be reprogrammed.

<b>Reallocation of funding to 2023 Annual Action Plan</b>		
<b>Reprogram Amount</b>	<b>Original Activity</b>	<b>New Activity</b>
\$996,295.68	NID - Code Enforcement/NHBSD (2021)	NID - Code Enforcement/NHBSD (2023)
\$601,470.82	Homeowner Rehab - Casa Vista & ION	Homeowner Rehab - ION
\$14,816.57	IMPACT Community Action Partnership	Homeowner Rehab - ION
\$830,070.00	Housing Development Site Preparation	Homeowner Rehab - ION
\$50,000.00	Housing Counseling - DMMHA	Homeowner Rehab - ION
\$274,957.65	Administration	Homeowner Rehab - ION
\$274,729.48	Revolving Loan Fund Balance (12/31/22)	Homeowner Rehab - ION

- NID - Code Enforcement/NHBSD (2021):** Staffing one of the new arms of code enforcement, Improving Our Neighborhood (ION), was slow to start primarily due to the pandemic. The new program hired staff and created policies and procedures throughout 2020 and 2021. The program was fully staffed and implemented in 2022.
- Homeowner Rehabilitation:** The homeowner rehabilitation program, also known as the Emergency Repair Loan (ERL) program, paused due to the COVID-19 pandemic. However, staff also recognized a need to revamp the program to streamline processes and reduce administrative burden for both homeowners and staff.

Community partners also voiced concern that the federal grant funding was not a suitable funding source for an emergency program. As a response, CDBG housing repair funds will now be funneled through the ION program for large-scale, external rehabs, or those exceeding \$40,000 per

project, which are not necessarily considered emergencies. This way, homeowners receive additional support from ION staff while repairs are made, and Federal Funds staff administrative time and duties will more accurately match the project scale. For more urgent repair scenarios, ION staff can choose a more appropriate funding source, such as a community partner or the safety net under Local Option Sales and Service Tax (LOSST), which are not subject to longer timelines and administrative processes that the federal funds are subject to.

- **IMPACT:** Each year, the City provides between \$150,000 and \$200,000 to IMPACT for operations to administer various public services and programs. IMPACT did not spend all of the CDBG operational funds allocated in 2022.
- **Housing Development Site Preparation:** The City intended to focus on increasing affordable housing stock through the use of CDBG funds over the past two (2) of years but staffing shortages limited spending on the initiative. Two (2) new positions have been hired, however, after a one-year delay. A Property Redevelopment Specialist and Affordable Housing Programs Manager started in the summer of 2022 and have been developing relationships with housing nonprofits and developers to determine creative ways to utilize CDBG funding.
- **Housing Counseling – Des Moines Municipal Housing Agency (DMMHA):** CDBG funds were set aside for homebuyer education and counseling to be administered by DMMHA. DMMHA is looking to hire a staff person for this program in Fiscal Year (FY) 2024.
- **Administration:** In 2022, the Federal Funds Division staff had three (3) vacancies out of 10 total positions, from January 2022 through June 2022. Staff shortage in combination with a large influx of funding under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) made it difficult to expend all administrative dollars. No new COVID response funding is expected, and staff positions have been filled, so it is expected that most administration dollars will be used in 2023.
- **Revolving Loan Fund Balance (12/31/22):** The Revolving Loan Fund are repayments of CDBG loans to businesses from past economic development programs. CDBG loan repayments must be used for eligible CDBG programs and expenses.
- Please see below for the updates to the 2023 Annual Action Plan projects and activities now that both the reprogramming amounts and actual 2023 entitlement grant amounts are known.

Source	Org Code	2023 Activities	2023 Entitlement Amount	Program Income or Reprogramming	Total Available
CDBG	CDB00123	2023 CDBG Admin (20%)	\$ 748,639.00	\$ -	\$ 748,639.00
HOME	HOM02023	2023 HOME Admin (10%)	\$ 112,088.00	\$ -	\$ 112,088.00
CDBG	CDB00523	2023 Code Enforcement/ Neighborhood-based Service Delivery (NBSD)	\$ 1,616,189.00	\$ 1,061,295.68	\$ 2,677,484.68
CDBG	CDB02523	2023 IMPACT Operations	\$ 135,000.00	\$ -	\$ 135,000.00
CDBG	CDB06323	Central Iowa Shelter & Services (CISS) Operations	\$ 345,000.00	\$ -	\$ 345,000.00

CDBG	CDB07023	Housing Counseling by Des Moines Municipal Housing Agency (DMMHA)	\$ 50,000.00	\$ -	\$ 50,000.00
CDBG	CDB06620	Housing Counseling by HOME, Inc.	\$ 20,000.00	\$ -	\$ 20,000.00
CDBG	CDB06823	2023 Park Improvements - EK Davis Park or Pioneer Park	\$ 500,000.00	\$ -	\$ 500,000.00
CDBG	CDB01423	2023 Owner-occupied Housing Rehabilitation, Improving Our Neighborhood (ION)	\$ 328,370.00	\$ 2,046,044.52	\$ 2,374,414.52
HOME	HOM02023	Missing Middle Development Project (w/ CDBG site preparation)	\$ 208,795.00	\$ 30,000.00	\$ 238,795.00
HOME	HOM02023	2023 Habitat Single Unit New Construction - 10 units	\$ 315,000.00	\$ -	\$ 315,000.00
HOME	HOM02023	2023 Habitat Homebuyer Assistance - 10 Homebuyers	\$ 35,000.00	\$ -	\$ 35,000.00
HOME	CHD02023	2023 HOME, Inc. Single Unit New Construction - 2 units	\$ 360,000.00	\$ -	\$ 360,000.00
HOME	CHD02023	2023 HOME, Inc. Homebuyer Assistance - 2 Homebuyers	\$ 40,000.00	\$ -	\$ 40,000.00
HOME	CHD02023	2023 Community Housing Development Operation (CHDO) Operating	\$ 50,000.00	\$ -	\$ 50,000.00
ESG	HES00723	2023 ESG Admin (7.5%)	\$ 25,216.00	\$ -	\$ 25,216.00
ESG	HES02023	Homeless Management Information System (HMIS) (3%)	\$ 10,087.00	\$ -	\$ 10,087.00
ESG	HES00223	ESG Projects (RFP will be done for 2023-2024)	\$ 300,923.00	\$ -	\$ 300,923.00

**PREVIOUS COUNCIL ACTION(S):**

Date: March 6, 2023

Roll Call Number: [23-0301](#)

Action: [On](#) reprogramming of prior year's unspent Community Development Block Grant (CDBG) Funds, a substantial amendment to the 2023 Action Plan with the U.S. Department of Housing and Urban Development (HUD) under the 2020-2024 Consolidated Plan, (4-10- 23). Moved by Gatto to adopt. Second by Voss. Motion Carried 7-0.

Date: November 7, 2022

Roll Call Number: [22-1760](#)

Action: On the proposed 2023 Action Plan as part of the 2020-2024 Consolidated Plan for submission to the U.S. Department of Housing and Urban Development (HUD). ([Council Communication No. 22-512](#)) Moved by Gatto to adopt. Second by Boesen. Motion Carried 6-1. Absent: Cownie.

Date: November 4, 2019

Roll Call Number: [19-1792](#)

Action: On the proposed 2020-2024 Consolidated Plan, which includes the 2020 Action Plan, for the US Department of Housing and Urban Development (HUD) Consolidated Plan. ([Council Communication No. 19-476](#)) Moved by Gatto to adopt. Motion Carried 7-0.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

In March 2024, Council will be asked to approve the 2023 Consolidated Annual Performance Evaluation Report (CAPER), which will be the report to HUD on how the proposed use of funds from the 2023 Annual Action Plan were used during the program year.

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to [cityclerk@dmgov.org](mailto:cityclerk@dmgov.org).