



Date February 23, 2015

**SETTING DATE OF PUBLIC HEARING FOR APPROVAL OF THE
2014 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT**

WHEREAS, provisions under 24 CFR 91.520 regarding reporting on the implementation and management of the Consolidated Plan for HUD grant programs require the City to submit a Consolidated Annual Performance and Evaluation Report (CAPER) for the 2014 Program Year to the United States Department of Housing and Urban Development (HUD) no later than 90 days after completion of the 2014 Consolidated Plan Program Year; and

WHEREAS, the City Council must conduct a public hearing to review the 2014 HUD Consolidated Plan Program Year performance and receive citizen comments regarding the CAPER for the 2014 Consolidated Plan Program Year, and provide notice of the hearing to be published at least fifteen and no more than twenty days before it is held; and

WHEREAS, a copy of the proposed CAPER for the 2014 Program Year shall be made available for public review at the City Clerk's Office and at all library branches in order to provide citizens with the opportunity to participate in the hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that the public hearing to receive citizen views and comments on, and to consider approval of, the CAPER for the 2014 Consolidated Plan Program Year shall be held during the regular City Council meeting on March 23, 2015, at 5:00 p.m., in the Council Chambers in City Hall.

BE IT FURTHER RESOLVED, that the City Clerk is authorized and directed to publish notice of public hearing in the attached form in the Des Moines Register not less than fifteen (15) and no more than twenty (20) days prior to the date set for said hearing.

Moved by _____ to adopt.

FORM APPROVED:

Glenna K. Frank, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MAHAFFEY				
MOORE				
TOTAL				

MOTION CARRIED

APPROVED

Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

City Clerk



Fifth Program Year CAPER (2014): DRAFT 2/18/15

The CPMP Consolidated Annual Performance and Evaluation Report includes Narrative Responses to CAPER questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations.

GENERAL

Executive Summary

Provide a brief overview that includes major initiatives and highlights that were proposed and executed throughout the fourth year.

GENERAL ADMINISTRATION

The program year for City of Des Moines entitlement funds starts on January 1 of a given year and ends on December 31 of the same year. Some projects under the Community Development Block Grant Program and the HOME programs are multi-year in scope. The City received their 2014 HUD entitlement allocations for CDBG, HOME and ESG in October, 2014.

The City uses a two-year funding cycle for CDBG, HOME and ESG contracts. This report is a summary of the fifth and final year of a Five-Year Strategic Plan (2010-2014). The contract period of 2012/2013 was extended to include 2014 upon review of agency performance and continued eligibility of activities. There were no program changes in 2014.

Des Moines will start the next five-year Strategic Plan in 2015 and will submit the Consolidated Plan to HUD online through IDIS (Integrated Data Information System) as an eConPlan covering the 2015-2019 program years.

The Neighborhood Planning Division in the Community Development Department provides oversight of the city-wide Neighborhood Revitalization Program (NRP) in Des Moines and works with the Neighborhood Conservation Division and the Neighborhood Inspection Division staff. The planning staff have prepared an analysis of housing-related data and community issues in preparation for the next 5-year Strategic Plan.

Funding Allocation Process

The final 2014 Des Moines allocations were: \$3,454,192 CDBG; \$771,147 HOME; and \$285,689 for the ESG program. This was the fifth year of reduced CDBG funding and represents an overall 25% decline of CDBG since 2010; a less than 1% increase in HOME funds from 2013, but continued the downward drop of HOME funding to 28% less than allocated in 2010; and ESG funds were increased by \$42,260 from the 2013 allocation, in keeping with HUD's funding commitment to the Homelessness Grant Program.

Extreme budget constraints at the local level have limited the capacity of some programs. The City continues to evaluate and focus on "core mission" activities. The breadth of program assistance that can be offered may be curtailed during times of severe budget reductions and loss of personnel.

PROGRAM ADMINISTRATION: NEIGHBORHOOD REVITALIZATION PROGRAM

The Neighborhood Revitalization Program (NRP) is a city-wide program that has operated for nearly twenty-five years through the City's Community Development Department. Planning staff work directly with Des Moines residents who have applied on behalf of their neighborhood organization with to complete a Neighborhood Plan that is adopted by the City Council as an amendment to the City Comprehensive Plan. The Polk County Supervisors also receive and approve the Des Moines Neighborhood Plans as a part of the County strategy for affordable housing.

The primary focus of the NRP revitalization efforts is to maintain and/or stabilize existing affordable housing. The HUD CDBG and HOME entitlement funds are key resources to achieve these goals.

HOUSING Component:

Community Development Dept. /Neighborhood Conservation Services Div.

❖ **HOME funds (City)**

The Neighborhood Conservation Services (NCS) Division of Des Moines' Community Development Department manages the Affordable Housing Programs with HOME and CDBG funds. In 2014, NCS coordinated these two sources with additional HUD funding from the State of Iowa and Polk County Housing Trust Fund. The additional sources came from State administered CDBG-DR, and NSP funding awards. Programming through these projects provided additional housing and housing rehabilitation to low income homeowners, homebuyers and rental clients within the City of Des Moines.

❖ **LIHTC Program (State of Iowa)**

The City of Des Moines works closely with developers on the Low Income Housing Tax Credit Program (LIHTC) administered by the Iowa Finance Authority (IFA). The LIHTC program provides a federal tax credit as an incentive for the development of affordable rental housing projects. Tax credits available to investors under the Low Income Housing Tax Credit program represent an increasingly larger funding proportion of affordable rental housing construction. In a few past projects the City provided HOME funds and Enterprise Zone Credits. In all projects, the City assisted with zoning analysis and tax abatement. There were no LIHTC projects approved in 2014.

❖ **CDBG Funds (City)**

Housing Opportunities: Acquisition of property for rehabilitation and/or development and the Emergency Repair Loan (ERL) program for low-income homeowners

❖ **CDBG-DR (State of Iowa)**

The City of Des Moines was awarded an additional \$3 million dollars of CDBG-DR funding for development of a 90 unit to be contracted in 2015 (the Edge at Gray's Landing) which will be administered by NCS staff. In addition, work has continued with a previous \$3 million grant of CDBG-DR to create 60 units of housing in an adaptive reuse development which suffered a devastating fire in March of 2014. The NCS staff worked to close 63 units in one CDBG-DR project in 2014 (Ingersoll II) and is working to Close two additional projects in 2015 (350 E Locust and Des Moines Building).

In 2014, Staff completed work with local non-profit housing providers on completion of single family housing with down payment assistance provided by CDBG-DR as replacement for housing lost throughout the state.

Moreover, the NRP planning staff was vital in working with City Manager staff and the City Council to insure the projects selected promote neighborhood revitalization and to make a variety of housing types available within neighborhoods.

❖ **NSP Funds (State of Iowa)**

The State of Iowa awarded supplemental CDBG "Neighborhood Stabilization Program" (NSP3) funds to the City to assist with property foreclosure and abandonment within the jurisdiction. The City program works with local nonprofit and for-profit housing developers in property acquisition, rehabilitation or demolition and reconstruction of affordable housing that will preserve neighborhood integrity. The City closed a 38 unit rent-to-own affordable project in 2014 by combining the NSP and City HOME funds.

Other City Departments that participate in the Neighborhood Revitalization Program (NRP)

❖ **CDBG Funds (City)**

CDBG funds were allocated to programs that provided expanded services for the City's Neighborhood Revitalization Program (NRP): supportive services for low-income households through the Des Moines Community Action Agency, small business loans through the Office of Economic Development and targeted city services through the Neighborhood Inspections Division, Engineering and Public Works Departments.

COMMUNITY DEVELOPMENT Component:

Office of Economic Development: Loan Programs

Micro-Loan Fund, Des Moines Action Loan Fund, Revolving Loan Fund, and the Neighborhood Commercial Revitalization Loan Fund.

CD/Neighborhood Inspections Div.:
Neighborhood-Based Service Delivery (NBSD)

Code Enforcement in targeted neighborhoods.

Engineering Dept.:
Demolition

Public Nuisance properties in eligible areas.

PUBLIC SERVICES Component:

Des Moines Community Action Agency (DMCAA)

Community Service programs targeting low- and extremely low-income households

Public Works Dept.:
SCRUB Program

Targeted neighborhood clean-up program for yard waste and debris.

PROGRAM ADMINISTRATION: Homeless Assistance Grants

Des Moines/Polk County Continuum of Care (City ESG)

In the current five-year Strategic Plan (2010-2014), the goal for the Des Moines Emergency Solutions Grant (ESG) funds was framed in anticipation of significant regulatory changes to the suite of HUD Homelessness Grant programs (SHP, S+C and ESG) triggered by the passage of the 2009 Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act.

Beginning with the 2013 program year, the City issued a Request for Proposals (RFP) on October 17, 2013 for a 2013/2014 contract period. Subgrants were announced at the December 6, 2013 City Council meeting.

City staff continues to work with the Des Moines/Polk Co. Continuum of Care members to establish new policies and procedures that will be in compliance with the HUD Homelessness Grant programs. The mandatory Homeless Management Information System (HMIS) reporting system for homelessness and rapid rehousing activities are incorporated into the 2013/2014 ESG contracts and will be provided to the area Continuum of Care.

General Questions

1. Assessment of the one-year goals and objectives:
 - a. Describe the accomplishments in attaining the goals and objectives for the reporting period.
 - b. Provide a breakdown of the CPD formula grant funds spent on grant activities for each goal and objective.
 - c. If applicable, explain why progress was not made towards meeting the goals and objectives.
2. Describe the manner in which the recipient would change its program as a result of its experiences.
3. Affirmatively Furthering Fair Housing:
 - a. Provide a summary of impediments to fair housing choice.
 - b. Identify actions taken to overcome effects of impediments identified.
4. Describe Other Actions in Strategic Plan or Action Plan taken to address obstacles to meeting underserved needs.
5. Leveraging Resources
 - a. Identify progress in obtaining "other" public and private resources to address needs.
 - b. How Federal resources from HUD leveraged other public and private resources.
 - c. How matching requirements were satisfied.

General Questions response:

1. Assessment of one-year goals and objectives:
 - a. Describe accomplishments in attaining the goals and objectives for 2014.

The 2014 program year completed an extended contract term (2012 – 2014). The goals and objectives of the current Strategic Plan were not changed during this program year.
 - b. Provide a breakdown of the CPD formula grant funds spent on grant activities for each goal and objective.

AFFORDABLE HOUSING GOALS

Owner-Occupied Housing Rehabilitation

Preserve and maintain owner-occupied housing through rehabilitation for low to moderate-income households at or below 80% MFI.

Support an emergency repair program to assist low-income homeowners at or below 50% MFI to maintain their property.

Rental Housing Rehabilitation

Preserve and maintain existing affordable rental housing through rehabilitation of investor properties for low-income households at or below 80% MFI but encourage a mixture of incomes in any one project.

Residential Development

Redevelop and rehabilitate traditional neighborhoods, outside of the downtown area, to increase affordable housing and to maintain property values and improve neighborhood appearances in income-eligible areas.

Develop new downtown affordable housing to increase the housing opportunities in an emerging downtown residential neighborhood.

Activities eligible under Residential Development would include, but are not limited to:

- Land and property acquisitions
- Predevelopment costs (abstract clearance & title opinions, related legal work, feasibility studies, environmental reports)
- Renovation of neighborhood or downtown commercial properties, including a mixed use of residential and commercial space
- Renovation of historic properties
- Relocation costs
- Demolition of public nuisance vacant/abandoned housing if determined not feasible for rehabilitation
- New construction

HOME		Accomplishments	
NCS: Rental: New Construction	\$664,433	9	Units
CDBG		Accomplishments	
NCS: Homeowner - Rehab. Minor (ERL) and NCS: Homeowner - Technical Assistance	\$373,745	193	Units
ENG: Demolition	\$242,734	6	Units

COMMUNITY DEVELOPMENT GOALS

Economic Opportunities:

Microenterprise Development

Increase economic opportunities through job creation/retention, job placement, and micro-enterprise programs that pay livable wages for residents at or below 80% MFI.

Commercial Redevelopment

Redevelop commercial areas within income-eligible areas to attract commercial development and improve neighborhood appearances.

Activities eligible under Neighborhood Commercial Redevelopment would include, but are not limited to:

- Land and property acquisitions
- Predevelopment costs (abstract clearance & title opinions, related legal work, feasibility studies, environmental reports)
- Renovation of neighborhood commercial properties, including a mixed use of residential and commercial space
- Renovation of historic properties
- Relocation costs
- Demolition of public nuisance vacant/abandoned housing if determined not feasible for rehabilitation
- New construction

Livability:

Code Enforcement (Community Development/DM Police Depts. - Neighborhood-Based Service Delivery Program NBSD)

Provide expanded services in environmental code enforcement, to improve health, safety, and neighborhood appearances. Provide resident education about City regulatory policies and issues and assist with neighborhood-initiated clean-up activities.

CDBG	\$1,566,184.	Accomplishments	
Neighborhood Commercial Revitalization Loan Program	\$75,000.	3	Businesses
Economic Development Financial Assistance Program	\$75,000.	2	Businesses
Code Enforcement	\$1,416,184.	4,002	Housing Units

PUBLIC SERVICE GOALS

Affordable Housing:

Des Moines Community Action Agency (Community Site Offices Operational Support)

Administer programs using Community Services Block Grant (CSBG) assistance to low-income households (150% Poverty Guidelines) supporting them to become more self-sufficient, improve living conditions and achieve their potential by strengthening family and other supportive environments. Establish partnerships among supporters and providers of services to low-income residents while increasing agency capacity.

Livability:

Neighborhood Clean-Up Programs (Public Works SCRUB Program)

Support neighborhood clean-up services to improve the safety and appearance of neighborhoods in income-eligible areas.

CDBG	\$300,000.	Accomplishments	
Community Services (Des Moines CAA)	\$200,000.	33,149	Persons
Neighborhood Clean-Up Programs (SCRUB - 35 neighborhoods)	\$100,000.	35	LMA: Census Tracts

2014 Emergency Shelter Grant	\$285,689.	Accomplishments	
Street Outreach	\$11,455.67	**	
Emergency Shelter	\$127,283.51	**	
Homelessness Prevention	\$75,996.67	**	
Rapid Rehousing	\$40,955.67	**	
HMIS (Lead)	\$8,570.67		
Administration	\$21,426.67		

c. If applicable, explain why progress was not made.

**The 2014 ESG allocation was announced in October, 2014, and the sub-recipient awards were confirmed and the 2013/2014 subrecipient contracts were updated. The agencies that received funding will record their accomplishments through the HMIS system of the Des Moines/Polk County Continuum of Care through 2015. All accomplishment data will be updated in IDIS for grant reporting.

2. There are no program changes to be made at this time.

3. Affirmatively Furthering Fair Housing:

a. Summary of impediments to fair housing choices:

Increased diversity and concentration of minorities in low-income areas

The City has continued its efforts to widely distribute affordable housing opportunities through the programs offered by the Neighborhood Conservation Services Division. Additionally, the City tries to ensure that the same services (such as NBSD and NIRP) are provided in low-income neighborhoods, and that minority populations have equal access to programs and services.

Staff evaluates any new construction of rental units in areas of high minorities to ensure that the product will provide quality housing units and is marketed to all persons regardless of race or ethnicity. An Affirmative Fair Marketing Plan is required of all projects with more than 4 units.

Older housing stock

More than 60 percent of Des Moines homes were built prior to 1960. Increased maintenance and repair costs, insufficient insulation resulting in higher utility cost, issues with accessibility and safety issues resulting from lead-based paint hazards, friable asbestos and high radon levels are concerns for low-income residents.

Zoning – Flood Issues

FEMA is in the final stages of updating Flood Plain maps after the flooding of 2008 and 2010... The Iowa Economic Development Authority has distributed several million dollars to the City to assist with repairs and reconstruction of housing damaged by the 2008 and 2010 floods. The City is currently working with IEDA on creating affordable rental housing within the City to replace affordable housing lost throughout Des Moines and the state.

Building Codes

The City is upgrading to the most current International Building Code and has adopted the International Energy Conservation Code 2012 for Energy Efficiency

Concerns for fair housing opportunities created by the Building Code are: regulations that limit density; limited choices in residential building types; visitability issues for overall access, and limited transit opportunities in reviewing residential criteria.

Foreclosures

The City received HUD Neighborhood Stabilization Program Grant funds from the State of Iowa to purchase and/or rehabilitate foreclosed residential structures for low-income purchase or rental. The City is currently working on completing the last of these projects.

b. Actions taken to overcome effects of impediments identified:

Older housing stock

The home repair and new construction programs of the Neighborhood Conservation Services, and the Des Moines Community Action Agency weatherization and furnace replacement program specifically target low-income neighborhoods and individuals and families that are 150% of poverty.

The City partners with the Polk County Health Department on a Lead-Based Paint Mitigation Grant that targets older homes with children at-risk of lead poisoning. (Should we say we have completed this work?)

Lack of awareness about available programs and services

An additional marketing consideration for the Human Rights Commission is to consider working with other housing providers to form a marketing program for available housing-related services.

Zoning – Flood Issues

It is anticipated that the reinforced levies and households relocated from flood hazard zone and flood plains will greatly reduce the impact of future flood events on residential property.

4. Actions to meet underserved needs:

- Rapidly increasing minority and ethnic populations within the low/moderate income groups has in turn, created a need to develop bi- or multi-lingual program materials and translation services.
- For programs offered by the City, we review and prepare some documents in at least two languages. The Lead Paint Program is an example of this outreach with marketing material in Spanish.
- The Human Resources Dept. maintains a list of current employees with multiple languages skills and notes their level of fluency.

- The Neighborhood Revitalization Program brings planners, housing code inspectors, and police sergeants into contact with neighborhood organizations and residents of the City. Neighborhood organizations work with an assigned staff member from the Community Development Dept. or the Police Dept. on crime and public nuisance issues to improve the neighborhood.
- The City is working with area housing nonprofit organizations to explore ways to reduce costs related to lead-based paint abatement and to structure acquisition rehabilitation projects to be as affordable as possible. The costs of lead, retrofitting for radon mitigation, and other hazard abatement have caused many nonprofits to pursue new construction opportunities rather than rehabilitation of the City's neighborhood housing stock.
- To assure a positive impact on the neighborhood and a reasonable subsidy amount, the City is selecting properties to assist by evaluating the impact the rehabilitation will have on stabilizing surrounding property values and keeping the overall gap amount as low as possible.
- The City is working with the Polk County Housing Trust Fund to find appropriate sites for redevelopment of affordable housing outside the City limits.
- The City received Neighborhood Stabilization Program (NSP) Grant funds through the State of IA. The Community Development Dept. has designated staff to work with area nonprofit affordable housing developers to acquire foreclosed properties for rehabilitation or demolition/new construction to retain affordable housing stock and revitalize transitional neighborhoods.
- The City has developed a process for acquiring vacant lots for affordable housing through the annual tax sale certificate process. The City requests the tax sale certificate and assigns it to a for-profit or nonprofit housing provider for rehabilitation or new construction. If substantial taxes or special assessments need to be forgiven, the City takes ownership and holds a public hearing on the sale of the property.
- Keeping energy costs at a manageable level. This impacts construction costs as well as affordability costs of housing for low-income households.
- The City is working with the County and the nonprofit housing agencies to explore ways to continue to reduce costs to be as affordable as possible.
- The City administers the L-HEAP (Low-Income Home Energy Assistance Program). This program is for households at or below 150% of poverty and assists with utility costs.
- The County administers a Weatherization Program for low-income households. This program provides the materials to insulate windows and doors for eligible homeowners.

5. Leveraging Resources:

- a. Identify progress in obtaining "other" public and private resources to address needs.
- b. How Federal resources from HUD leveraged other public and private resources.
- c. How matching requirements were satisfied.

See attached 2014 CAPER Leverage-Match Funds Table for a list of HOME and ESG leveraged/matched funds.

Also, see attached HOME MATCH Form 40107.

The City of Des Moines reviews all contributions made per project to make sure the match requirements are being met. The match is recorded on the work plans submitted by the subrecipients annually. The projects are listed on the City's annual Match Report submitted to HUD.

The City of Des Moines NCS Division tracks all affordable housing projects individually and tracks the amount of non-federal cash contributions made per project. The projects are listed on the City's Annual Match Report submitted to HUD. The City of Des Moines has excess match greater than \$12 million carried over annually. The NCS Division leveraged \$15,093,725 in 2014.