



Agenda Item:

53

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

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Roll Call

Submitted by: Eric A. Anderson, City Manager

SUBJECT—

Public Hearing and Approval of the proposed First Year Action Plan (2005) of the 2005-2009 HUD Consolidated Plan.

SYNOPSIS—

City Council approval of the First Year Action Plan (2005) of the 2005-2009 Housing & Urban Development (HUD) Consolidated Plan as recommended by the City Manager. The Plan allocates Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME) and Emergency Shelter Grant (ESG) funding for the period of January 1 – December 31, 2005.

FISCAL IMPACT—

The First Year Action Plan (2005) includes a projected \$5,000,000 of CDBG funding, \$1,225,000 of HOME funding (including \$75,000 of projected American Dream Downpayment Initiative (ADDI) funding) and \$185,000 of ESG funding. In addition, there is \$218,081 of unspent CDBG funding available for reprogramming (see Attachment 1, attached to roll call) contained in the First Year Action Plan (2005) for a total of \$6,628,081 in projected funds available. Funding levels are contingent upon final Congressional and Executive Branch approval.

RECOMMENDATION—

Approval.

BACKGROUND—

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 7, 2004, 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.

The City received proposals from 28 public and/or private agencies requesting \$9,031,933 for 41 separate activities. Staff in the Community Investment Administration Division of the Housing Services Department, together with representatives of public and private agencies rated the proposals. The rating system emphasized agency capacity, funding leverage, past performance, goals and objectives. The staff also provided funding recommendations to the NRB along with the ratings.

On September 7, 8 and 9, the NRB heard presentations from agencies submitting proposals and met in an all-day session on Saturday, September 11, 2004 to finalize their recommendations for funding. The City Council received the NRB recommendations on September 27, 2004 and 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 8, 2004 to finalize the 2005 Consolidated Plan. HUD regulations require that the plan be submitted at least 45 days before the implementation date of January 1, 2005.

Management, Monitoring, Citizen Participation, Indirect Costs and Planning

HUD regulations allow entitlement communities to allocate 20% of CDBG funds (\$5,000,000 estimated) and program income for the above costs. Based on the 2005 projection this would amount to \$1,000,000. The management, monitoring, and citizen participation costs are \$510,527 (10.2%). Neighborhood Revitalization, Economic Development administration and Planning costs total \$214,473 (4.2%). The indirect costs for 2005 will be \$275,000 (5.5%). The total projected costs are \$1,000,000 or 20% of the projected entitlement grant, not including possible program income. Based on past experience, when the actual 2005 program income is factored in at the end of the year, the percentage will be approximately 16.0%.

Housing, Infrastructure, Economic Development and Employment and Community Development

The attached table of 2005 Consolidated Plan funding recommendations reflects both the NRB and City Manager's funding recommendations. For the most part I agree with the NRB recommendations. The following projects are where there are differences or comments.

- 1) Primary Health Care (PHC) – Homeless Medical and Pharmacy Assistance: NRB \$0, City Manager \$24,000. PHC requested funding for a van to transport clients. Another homeless agency, Churches United, also requested funding for a van and staff recommended that neither agency receives funding until the Affordable Housing and Homeless Partnership (AHHP) had an opportunity to work with service providers to prepare a coordinated transportation plan. The plan would help ensure that various transportation resources would be fully utilized and duplication would be minimized.

The NRB recommended \$24,000 of CDBG funding for Churches United on the condition that they coordinate with other agencies to provide transportation services. I am recommending that both Churches United and PHC receive \$24,000 on the condition that AHHP, working with transportation providers, first develop a comprehensive transportation plan to provide services to homeless clients.

- 2) Neighborhood Conservation Services (NCS) – Investor Owned Program: NRB-\$422,283, City Manager-\$418,283. This slight reduction is to balance other recommendations and should have minimal effect on the operation of this program.

Additionally, I recommend that HOME funding recommended for Community Housing Development Corporation (CHDC), HOME, Inc. and Spectrum Resources be earmarked and incorporated into the applicable NCS projects for administrative and program management purposes.

- 3) Anawim – Acquisition & Rehabilitation of Des Moines Metropolitan Housing Agency Units: NRB-\$160,000, City Manager-\$160,000. While I agree with the NRB's recommendation, I am concerned that this allocation won't be spent in the 2005 program year.
- 4) Central Iowa Employment & Training Consortium (CIETC) – Project Employment: NRB-\$25,000, City Manager-\$75,000. This allocation, together with a grant from the Department of Labor, will allow CIETC to provide job training for individuals with disabilities.
- 5) Creative Visions – Project Turnaround: NRB-\$70,000, City Manager-\$75,000. Creative Visions provides a unique service in the community. My original recommendation was to fund this program from other city sources. However, it now appears that these funds will not be available for this activity. I am recommending that Creative Visions be funded in 2005 from either reprogramming funds or additional funding received in the City's final allocation of the CDBG entitlement grant.
- 6) Iowa Homeless Youth Services (IHYC) – Transitional Living/Street Outreach. NRB-\$0, City Manager-\$25,000. This allocation will assist IHYC to continue providing transitional housing and street outreach services to youth. I recommend this project be funded in 2005 from either reprogramming funds or additional funding received in the city's final allocation of the CDBG entitlement grant.

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 in March 2005.

NRB Comments and Concerns

On September 27, 2004, the NRB forwarded their recommendations on the 2005 Consolidated Plan. Their recommendations included comments and concerns regarding various projects. I agree with the comments and concerns expressed by the Board and will direct staff to address them. I also agree with the NRB's recommendation that only agencies who applied for 2005 program year funding be

considered for additional funding if the staff estimate is lower than the final federal allocation for the Consolidated Plan programs.

I congratulate the Neighborhood Revitalization Board for their exceptional effort in developing the First Year Action Plan for the 5-year Consolidated Plan Strategy, and look forward to working with the Board, City Departments and other agencies to implement programs that will provide needed services for low-income residents of the City of Des Moines.