



Agenda Item:

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## **COUNCIL COMMUNICATION**

### **City Manager's Office**

#### **GENERAL INFORMATION**

Agenda Date: 11/21/05  
Agenda Item Type: Resolution

Communication No.: 05-651  
Roll Call No.:

Submitted by: Richard Clark, Acting City Manager

#### **SUBJECT—**

Public Hearing and Approval of the Proposed Second Year Action Plan (2006) of the 2005-2009 HUD Consolidated Plan.

#### **SYNOPSIS—**

City Council approval of the Second Year Action Plan (2006) of the 2005-2009 Housing & Urban Development (HUD) Consolidated Plan as recommended by the Acting 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, 2006.

#### **FISCAL IMPACT—**

The Second Year Action Plan (2006) includes a projected \$4,560,000 of CDBG funding, \$1,035,000 of HOME funding (including \$35,000 of projected American Dream Downpayment Initiative (ADDI) funding) and \$190,000 of ESG funding. In addition, there is \$168,043 of unspent CDBG funding and \$9,454 of unspent ESG funding available for reprogramming (see Attachment 1, attached to the Roll Call) contained in the Second Year Action Plan (2006) for a total of \$5,962,497 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 May 23, 2005, by Roll Call No. 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 33 public and/or private agencies requesting \$7,604,101 for 46 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 13-15, 2005, the NRB heard presentations from agencies submitting proposals and met in an all-day session on Saturday, September 17, 2005 to finalize their recommendations for funding. The City Council received the NRB recommendations on October 10, 2005 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 21, 2005 to finalize the 2006 Consolidated Plan. HUD regulations require that the plan be submitted at least 45 days before the implementation date of January 1, 2006.

### **Management, Monitoring, Citizen Participation, Indirect Costs and Planning**

HUD regulations allow entitlement communities to allocate 20% of CDBG funds (\$4,560,000 estimated) and program income for the above costs. Based on the 2006 projection, this would amount to \$912,000. The management, monitoring, and citizen participation costs are \$445,571 (9.8%). Neighborhood Revitalization, Economic Development administration and Planning costs total \$225,037 (4.9%). The indirect costs for 2006 will be \$275,000 (6.0%). The total projected costs are \$945,608 or 21% of the projected entitlement grant, not including possible program income. Based on past experience, when the actual 2006 program income is factored in at the end of the year, the percentage will be approximately 18.0%.

### **Housing, Infrastructure, Economic Development and Employment and Community Development**

The attached table of 2006 Consolidated Plan funding recommendations reflects both the NRB and Acting City Manager's funding recommendations. With anticipation of significant federal cuts to the CDBG program, recommendations are based on allocating funding to existing recipients that have established programs. The recommendations reallocate 2% of the funding from the Neighborhood Revitalization Board's (NRB) recommendations to existing programs that have received CDBG allocations in the past. The City Manager is in full support of the recommendations from the NRB with the following exceptions:

### **Neighborhood Inspections Division – Neighborhood Based Service Delivery**

NRB Recommendation - \$1,000,000

City Manager Recommendation - \$1,030,000

**Excel Community Outreach – Homeless Prevention**

NRB Recommendation - \$20,000

City Manager Recommendation - \$0

**Excel Community Outreach – Youth Enrichment**

NRB Recommendation - \$40,000

City Manager Recommendation - \$0

**Community Housing Development Corporation (CHDC) – Homeownership Maintenance Education**

NRB Recommendation - \$25,000

City Manager Recommendation - \$0

**Engineering – Demolition**

NRB Recommendation - \$300,000

City Manager Recommendation - \$350,000

This additional \$50,000 will be allocated from reprogramming if it becomes available.

**Public Works – Neighborhood Infrastructure Rehab Program (NIRP)**

NRB Recommendation - \$300,000

City Manager Recommendation - \$335,000

**Central Iowa Employment and Training Consortium (CIETC) – Project Employment**

NRB Recommendation - \$60,000

City Manager Recommendation - \$75,000

**Creative Visions – Project Turnaround**

NRB Recommendation - \$60,000

City Manager Recommendation - \$75,000

**Spectrum Resources – Residential Carpentry Job Training**

NRB Recommendation - \$30,000

City Manager Recommendation - \$0

**Public Works – SCRUB**

NRB Recommendation - \$90,000

City Manager Recommendation - \$110,000

**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 February 2006.

**NRB Comments and Concerns**

On October 10, 2005, the NRB forwarded their recommendations on the 2006 Consolidated Plan. Included in their recommendations were comments and concerns regarding various projects. The City Manager agrees with the comments and concerns expressed by the Board and will direct staff to address them. The City Manager also agrees with the NRB's recommendation that only agencies who applied for 2006 program year funding be considered for additional funding if the staff estimate is lower than the final federal allocation for the Consolidated Plan programs.

CDBG, HOME and ESG funds have traditionally been used to fund 12 month project agreements which correspond to a January 1 to December 31 program year. However, as HOME funds provide for a 60 month expenditure period, the continued use of 12 month HOME project agreements is incongruent with HOME program regulations. I recommend and instruct staff to draft and submit a 60 month NCS work program agreement, to facilitate the reconciliation process of HOME funds and accurate tracking of HOME expenditures by grant year.