

COUNCIL ACTION FORM

SUBJECT: PROPOSED 2019-2023 COMMUNITY DEVELOPMENT BLOCK GRANT CONSOLIDATED PLAN PRIORITY GOALS AND 2019-2020 ACTION PLAN PROJECTS

BACKGROUND:

One major requirement in receiving the Community Development Block Grant (CDBG) funds is for the City to submit a three or five-year Consolidated Plan to the federal Department of Housing and Urban Development (HUD). The Consolidated Plan is the planning document for a Comprehensive Housing Affordability Strategy (CHAS) for the jurisdiction. This plan requires detailed background information on the community, derived both from census data and other comprehensive studies performed by the community. **The Plan must identify, over the selected period, the goals and priorities to address the housing and community development needs of both low and moderate-income persons and non-low and moderate-income persons.**

The City of Ames has selected the five-year period for its plan and will complete the administration of its third five-year Consolidated Plan on June 30, 2019. CDBG regulations require that the City must now submit an updated five-year plan for the period from July 1, 2019 through June 30, 2023.

Federal regulations require that the Consolidated Plan be submitted for HUD's approval within 45 days before the beginning of the program fiscal year, which is on or before May 17, 2019. **However, staff requested and received approval to submit the plan on or before August 15, 2019, which is the latest statutory submittal date.** They also require that the proposed Consolidated Plan be published for 30 days to allow for citizen review.

The process for updating the Consolidated Plan began with the December 4, 2018 City Council workshop. The public was invited to participate with the City Council at the workshop to solicit input regarding possible goals and priorities for the 2019-23 Five-Year Consolidated Plan.

During the workshop, staff presented an overview of the CDBG Program and New HOME Program along with a review of the 2004, 2009, and 2014 goals and priorities (see Attachments A-C). Then the public and the City Council members divided up into small groups to discuss the needs for low- and moderate-income persons, as well as the needs of non-low and moderate-income persons in the community, to determine if either continues to reflect the needs, if they should be updated and to discuss new perceived needs of the community.

After the small group discussions, each group was asked to share their comments on the goals and any proposed goals. (see attachment D).

In reviewing the comments from each of the small groups there were similar conversations about themes for goals that emerged:

1. Need to provide affordable (rental and homeownership) housing for homeless, very low and moderate income households.
2. Need to increase the supply of affordable housing for homeless, special needs, low and moderate income households.

At the December meeting, staff indicated the next steps in the process would be to collect and analyze data through the City's Fair Housing Impediments Study. This data is provided by HUD in the form of the American Community Survey (ACS) and the Comprehensive Housing Affordability Strategy (CHAS).

As reported in the 2019 update to the Fair Housing Impediments Study, the ACS and the CHAS data, continue to identify the following top two as barriers and needs of the community 1) the supply of housing for lower income households for renting and 2) the cost of housing for lower income households for both renting and home buying.

The major difference from the 2014-19 data, is that the cost of housing is now #1 and the availability of housing is now #2.

Also staff took into consideration the City Council's Housing goals (see Attachment E) in preparation of a new goals for the Consolidated Plan.

Based on all of the above information staff is proposing the following goals and priorities for the 2019-2023 five-year Consolidated Plan for the City Council's consideration:

Goals and Priorities to address Low and Moderate Income residents in the community.

1. Utilize and leverage CDBG and HOME Funds through "private, non-profit, and public" partnerships to create, sustain, and expand affordable housing for *low and moderate income* households through:
 - Increase supply of single family or two family housing for ownership in the Neighborhood Revitalization Strategy Area (NRSA);
 - Reduce the cost burden for low income households to access or maintain rental housing citywide;
 - Increase the affordability, quality, and availability of owner housing for homeowners citywide.

Goals and Priorities to address the major Housing and Community Development needs of Non-Low and Moderate Income residents in the community

1. Utilize and leverage CDBG* and HOME Funds through "private, non-profit and public"

partnerships create, sustain, and expand housing for *NON-low and moderate income* households through:

- Integrate affordable and market rate residential developments;
- Remove blight and deteriorated housing to reuse into new housing;
- Support and address code enforcement of deteriorated housing;
- Remove blight and deteriorated housing in flood plain and other hazardous areas.

**Expenditures for non-low and moderate income activities cannot exceed 70% of allocation over a 3-year period.*

Staff feels that the two simplified goals can be easily understood but broad enough to allow the flexibility/variety to create and implement programs during the five-year period.

If the City Council is in agreement with the proposed goals and priorities for the 2019-23 Consolidated Plan, the next step is for staff to prepare the Consolidated Plan for the required 30-day comment period and public hearing for submittal to HUD on or before August 15, 2019.

2019-2020 Annual Action Plan Activities

In addressing the 2019-2020 Annual Action Plan projects, staff is proposing the following program projects to address the needs outlined in the data:

1. Utilize both CDBG and HOME funds to complete the 321 State Avenue Subdivision, which will include public infrastructure and new home construction;
2. Utilize CDBG to acquire, demolish, or rehabilitate deteriorated housing city wide (as possible convert single rentals back to single family home ownership); to sale or transfer these lots or houses to non-profit housing organizations to provide to low income households for rent or purchase.

Staff believes that focusing on these two projects for the 2019-20 program year will help make an impact on the need outlined from the data, while accomplishing program projects that have been adopted in the previous action plans that have not been completed. **It is important to remember that with both CDBG and HOME funds the City Council can redirect programming each year to accomplish housing needs in the community that fall within the goals and priorities.**

The proposed budgets for CDBG & HOME to address the above two projects would be as follows:

Anticipated CDBG 2019-2020 Program Revenue Sources	
19-20 CDBG Allocation	\$581,968
18-19 Anticipated Program Rollover	\$570,000
19-20 Anticipated Program Income (Stafford, Morningside, Village, 6th)	\$350,000
Total 2019-2020	\$1,501,968
Non-CDBG Revenue Resources (GO Bonds)	\$250,000
Grand Total Revenues	\$1,751,968

Proposed 2019-2020 HOME Program Revenues	
19-20 HOME Allocation	\$481,968
18-19 Rollover	\$747,750
Adjustment for CHDO Set Aside	-\$184,795
Grand Total Availability	\$1,044,923

Proposed 2019-20 HOME Activities and Expenses	
New Home Construction at 321 State Ave.	\$883,976
Total Programming	\$883,976
2019-20 Program Administration	\$120,947
Grand Total	\$1,004,923

ALTERNATIVES:

1. The City Council can approve the goals and priorities for the 2019-2023 proposed five-year Consolidated Plan and the 2019-20 Annual Action Plan activities in connection with the City’s Community Development Block Grant Program. Staff will then finalize the plans and publish
2. The City Council can modify, and then approve, the goals and priorities for the 2019-2023 proposed five-year Consolidated Plan and the 2019-20 Annual Action Plan Activities in connection with the City’s Community Development Block Grant Program.

3. The City Council can refer this item back to staff for further development.

MANAGER'S RECOMMENDED ACTION:

These CDBG and HOME funds bring the City a unique opportunity to use federal funding to address local community development priorities. In order to qualify for receipt of these funds over the next fiscal year and the upcoming 5-year planning period, both of these documents must be approved. The above priorities and programs will help accomplish both of these purposes.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1. This action will approve the 2019-2023 proposed five-year Consolidated Plan and the proposed 2019-2020 Annual Action Plan Program projects in connection with the City's Community Development Block Grant Program. **Staff will then proceed with the required public notice and prepare the appropriate plan documents for the 30-day public comment period.**

At the June 18th meeting, staff will first present the data collected as part of updating the 2019 Fair Housing Impediment Study and the 2019-23 five-year Consolidated Plan.

ATTACHMENT A

2004-09 City of Ames

Goals and Priorities to Address the
Major Housing and Community Development Needs of
Low and Moderate Income residents in the community:

1. Construct/Acquire/and Rehabilitate affordable housing and support to homeowners, home buyers, and renters to obtain and remain in affordable housing.
2. Support a continuum of care for new or expanded housing and services targeted for homeless, transitional housing clients and persons with special needs. Any proposed project from Human Services Agencies must have prior approval through the ASSET process.
3. Increase and improve public facilities, infrastructure and other activities and redevelopment of non-public facilities.
4. Expand job opportunities by assisting with microenterprise business development and by providing training and access to employment.
5. Support activities and services that meet the social, health, recreational and educational needs of low and moderate income residents.

Goals and Priorities to address the major Housing and Community Development needs
of **NON** Low and Moderate Income residents in the community

1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction.

ATTACHMENT B

2009-14 City of Ames

Goals and Priorities to Address the
Major Housing and Community Development Needs of
Low and Moderate Income residents in the community:

- 1.CDBG funds should be used to strengthen neighborhoods by implementing affordable housing programs and services through acquiring, demolishing, and rehabilitating housing units that support homeowners, homebuyers, and renters to obtain and remain in affordable housing.
- 2.CDBG funds should be used to promote one community by implementing programs that support a continuum of new or expanded housing and services targeted for homeless, transitional housing clients, and persons with special needs.
- 3.CDBG funds should be used to strengthen neighborhoods by implementing programs that will increase or improve public facilities, infrastructure, and services

Goals and Priorities to address the major Housing and Community Development needs
of **NON** Low and Moderate Income residents in the community

1. CDBG funds should be used for slum and blight removal in non-low and moderate income areas to assist in redevelopment projects to decrease the number of substandard housing units through acquisition, demolition, and new construction.

ATTACHMENT C

2014-19 City of Ames

Goals and Priorities to Address the
Major Housing and Community Development Needs of
Low and Moderate Income residents in the community:

1. Goal: Utilize and leverage CDBG Funds for Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: To create, expand and maintain Affordable Housing for Homeless and Low-income persons.

Outcomes:

- i. Increase the supply of affordable rental housing
- ii. Improve the quality of affordable rental housing
- iii. Increase the availability of affordable owner-occupied housing
- iv. Maintain the supply of affordable owner-occupied housing
- v. Provide temporary rental assistance
- vi. Increase the supply of mixed-use development
- vii. Expand and maintain the supply of emergency shelter and transitional housing

A2. Objective: To maintain the Community Development Services of the Community

Outcomes:

- i. Continue provision of the Public Service Needs for homeless, special populations, and low income households (utilities, rent, deposits, childcare, transportation, employment training, substance abuse, health services, legal services, other public service needs) and reduce duplication of services.
- ii. Continue provision of Public Facilities Needs for homeless, special populations and low income households (senior centers, homeless facilities, child care centers, mental health facilities, neighborhood facilities, and other public facility's needs).
- iii. Continue provision of Public Infrastructure Needs in low-income census tracts (water, street, sidewalk improvements).

2. Goal: Utilize and leverage CDBG Funds for NON Low and Moderate Income Persons through private and public partnerships as follows:

A1. Objective: Address Housing Needs in Non-Low and Moderate Income Census Tracts Outcomes:

- i. Integrate affordable and market rate residential developments
- ii. Remove blight and deteriorated housing to reuse into new housing
- iii. Support and address code enforcement of deteriorated housing
- iv. Remove blight and deteriorated housing in flood plain and other hazardous areas.

ATTACHMENT D

A summary of breakout group proposed goals discussion was as follows:

Group facilitated by Council Member Betcher:

- \$ No increase of mixed-development is needed
- \$ Expand emergency shelter and transitional housing
- \$ Increase supply and quality of affordable rental housing
- \$ Increase availability of affordable owner-occupied housing
- \$ Return to former emphasis on infrastructure/ use CDBG funding for promoting universal design of public facilities for accessibility
- \$ Use CDBG money creatively

Group facilitated by Council Member Nelson:

- \$ Prioritize objectives in the existing order (2014-18 Plan)
- \$ Create/expand/maintain affordable housing for homeless and low-income persons
- \$ Create unrestricted housing for the homeless population with mental health needs
- \$ Consider longer term rental assistance for those with high risk of eviction

Group facilitated by Council Member Beatty-Hansen:

- \$ No increase of mixed-use development
- \$ Prefers language including individuals with special needs under 2009-13 Plan, Goal 2
- \$ Add language including individuals with special needs under 2009-13 Plan, Goals 1a and 1b
- \$ Support facilities and services that would address above goals
- \$ Support infrastructure
- \$ Consider requirements for multi-family dwellings to accept low to moderate-income residents

Group facilitated by Council Member Gartin:

- \$ No increase of mixed-use development
- \$ Address public service needs
- \$ Increase availability of affordable owner-occupied housing

Group facilitated by Council Member Corrieri:

- \$ Increase and improve supply of affordable rental housing
- \$ Increase availability of affordable owner-occupied housing
- \$ Address public service needs for homeless and special needs populations
- \$ Look into supportive housing options
- \$ Lower the priority of public infrastructure
- \$ Address accessibility and deteriorating sidewalks

Group facilitated by Mayor Haila:

- \$ Empower renters toward home ownership and consider employment training to help residents afford housing (2004-2008 Goal 4)
- \$ Address mental health housing needs
- \$ Address homeless population needs
- \$ Consider subsidized units
- \$ Review how CDBG funds have been used in the past
- \$ Continue activities in Strengthening Neighborhoods program
- \$ Use outcomes that can be measured

ATTACHMENT E

2018 Ames City Council Goal

Address Housing Needs

- 1.** Determine how to proceed with the development of a low and moderate income affordable housing project at 321 State Avenue (Old Middle School site).
- 2.** Learn about the concept of inclusionary zoning.
- 3.** Consider ways to incentivize conversion of rental units back into single-family units.