

CDBG-HOME

2023-2024 Annual Action Plan Public Forum Sessions

April 26 & 27, 2023

Action Plan Agenda

- 1. Basic overview of the CDBG, HOME and HOME-APR Programs**
- 2. Review of the Consolidated Planning Requirements.**
- 3. Overview of the Five-year Goals and Priorities created for 2019-23**
- 4. Proposed 2023-24 Annual Action Plan Projects**
- 5. Group feedback**
- 6. Tentative Timeline for next steps**

Basic Overview of Program Requirements

Community Development Block Grant (CDBG) & Home Investment Partnership (HOME)

CDBG Program Basics

- ✓ The Program was created as part the Housing and Community Development Act (HCDA) of 1974, as amended.
 - ✓ It is a **formula grant****;
 - ✓ Congress appropriates funds annually to state and localities (called **Entitlements or Grantees**)
 - ✓ The Community Development Block Grant (CDBG) is one of the longest-running programs administered by the U.S. Department of Housing and Urban Development (HUD).
- **The formula allocation considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors.**

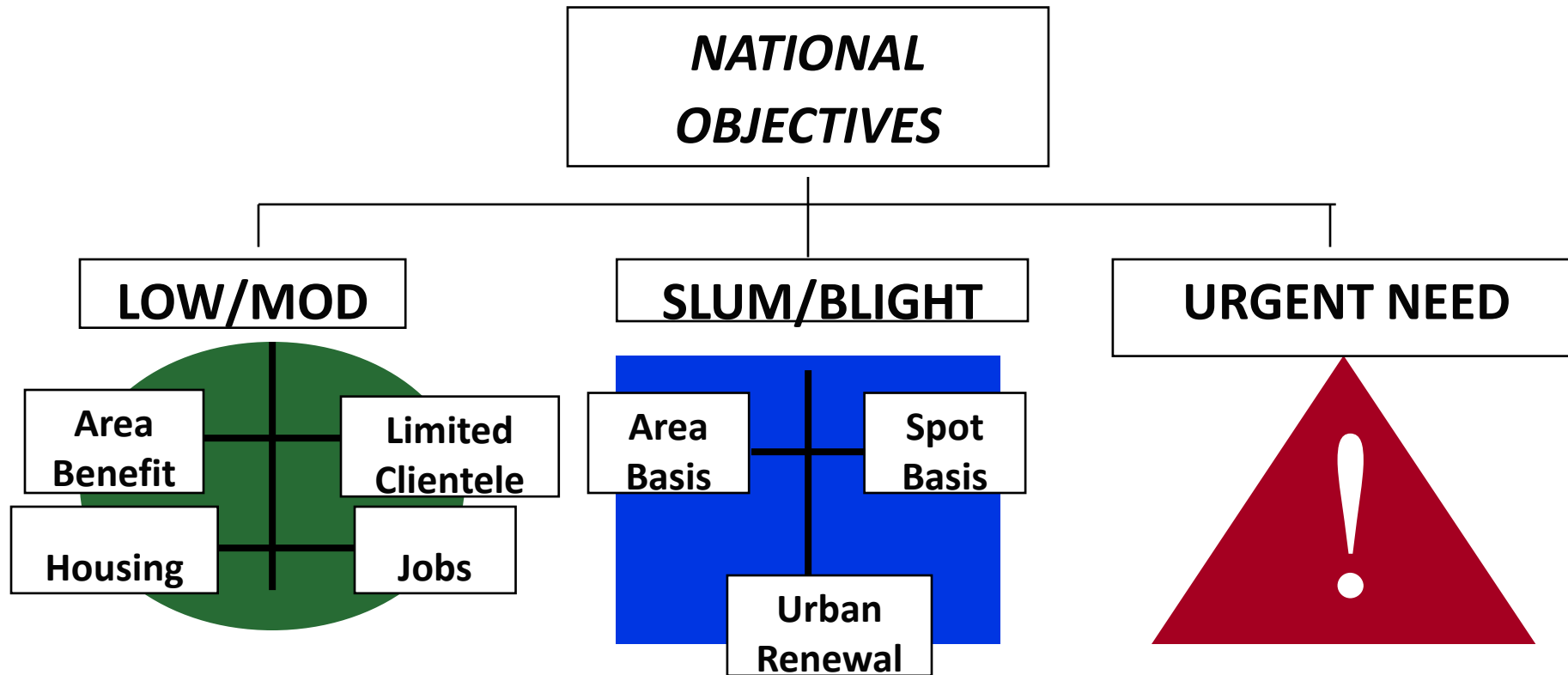
CDBG Program Basics

The primary purpose of the Community Development Block Grant (CDBG) program is the **development of viable urban communities by providing:**

- **decent housing,**
- **a suitable living environment, and**
- **expanded economic opportunities, principally for persons of very low- and low-income**

CDBG is an important tool for helping local governments tackle serious challenges facing their communities.

THREE NATIONAL OBJECTIVES



CDBG Program Basics

LOW AND MODERATE INCOME (LMI)

- The LMI objective is **the most important of the three** national objectives because it is the primary objective of the CDBG Program;
- At least 70% of all expenditures** (over a 1-3 consecutive year period) must support activities which comply with the LMI National Objective;
- The Housing Objective is the only LMI national objective method based on households assisted.
- Qualifying household income is based **on not exceeding 80% of the Ames Metropolitan Statistical area (AMS)** of the county or non metro state . The median income is determined by HUD.

CDBG ELIGIBLE ACTIVITIES

- ✓ **Activities Related to Housing;**
- ✓ **Activities Related to Public Facilities;**
- ✓ **Activities Related to Public Services;**
- ✓ **Activities Related to Economic Development;**

CDBG PROGRAM CAPS

The CDBG program has the following **funding caps** per year:

1. **Planning & Administration- 20%**
2. **Public Services activities- 15%; and**
3. **“Special "Economic Development Activities"-has to meet a particular kind of financial analysis (known as the “appropriate” determination).**

HOME Program Basics

- ✓ The Program was created as part the National Affordable Housing Act of 1990;
- ✓ It is a **formula grant**;
- ✓ Congress appropriates funds annually to state and localities (**called Participating Jurisdictions (PJ's)**)
- ✓ The HOME Program is largest Federal Block Grant administered by the U.S. Department of Housing and Urban Development (HUD) designed exclusively to **create affordable** housing for low-income households.

HOME Program Basics

HOME is Focused on **Low Income Households**

- 100% of HOME \$\$\$ help people \leq 80% MFI
- Lower income levels for some activities
 - Program rule: 90% of rental and TBRA households at 60% of median
 - Project rule: 20% of units in rental projects of 5+ HOME units at 50% of median and below

HOME Program Basis

The **HOME** Program is **four** housing programs in one:

- **Homeowner Rehab**
- **Homebuyer (New Construction and/or Down payment)**
- **Rental Development (New Construction or Rehab)**
- **Rental Subsidy (Tenant Based Rental Assistance (TBRA))**

HOME Program Basis

Eligible Costs

- Hard costs and soft costs for:
 - New construction
 - Rehabilitation
 - Reconstruction
 - Conversion
- Improvements on HOME project site
- Acquisition
 - Vacant land
 - Improved land
 - Construction must begin within 12 months
- Demolition
- Relocation
 - Allows assistance to all displaced households
- Refinancing
- Project reserves
 - Limited to 18 months rent-up period
- Project related soft costs

HOME Program Basics

- HOME program distinguishes between units that have been assisted with HOME funds and those have not
- Allows HOME funds to be spent on mixed- income projects

HOME Program Basics

HOME Requires Affordability Periods

- Applies to development activities
- Appropriate return on federal investment
- Amount of HOME \$ establishes time period
 - Big HOME investment = long period of time
 - Small HOME investment = shorter period
- Period of Affordability = Period of Compliance

HOME Program Basics

HOME Program Administration

- HOME allows **PJs** to charge eligible admin costs
 - PJs can give admin funds to subrecipients
 - CHDOs can get CHDO operating
- Admin capped at **10%** of grant and program income
- Some costs can be charged to project delivery

HOME Program Basics

HOME Requires a Match

- PJs must match **25% of HOME** funds drawn down for project costs
 - Match must be *a permanent contribution* to the HOME Program
- Match liability must be satisfied by end of federal fiscal year

CDBG & HOME

Summary of Similarities

Benefits of Programs

There are **benefits** of using them concurrently:

- Stretches resources
- Each program addresses activities that the other cannot

However, when **combine** must meet rules of **both** programs

- Generally, most restrictive rule applies

OTHER FEDERAL REQUIREMENTS

- Fair Housing and equal opportunity (Title IV & VIII)
- Handicapped accessibility
- Employment and contracting
- Environmental review (NEPA)
- Flood insurance
- Lead-based paint
- Labor standards
- Debarred contractors
- Conflict of interest
- Acquisition and relocation (Uniform Act of 1970)
- Section 3 Program
- Coronavirus specific program rules and regulations

Citizen Participation

Entitlements and PJ's must develop and follow a detailed plan that provides for and encourages citizen participation, particularly residents of predominantly low- and moderate-income neighborhoods, slum or blighted areas, and areas in which the grantee proposes to use CDBG or HOME funds.

The plan must provide citizens with the following: reasonable and timely access to local meetings; an **opportunity to review proposed activities and program performance**; provide for timely written answers to written complaints and grievances;

The must identify how the **needs of non-English speaking residents** will be met in the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate.

Program Income Limits

2022 Ames (IA) Metropolitan Statistical Area (MSA) Income Limits**

30% of Ames, Iowa MSA (Extremely Low Income)	
Family Size	Gross Income Cannot Exceed
1	\$21,150
2	\$24,150
3	\$27,150
4	\$30,150
5	\$32,600
6	\$35,000
7	\$37,400
8	\$39,800

50% of Ames, Iowa MSA (Very Low Income)	
Family Size	Gross Income Cannot Exceed
1	\$35,200
2	\$40,200
3	\$45,250
4	\$50,250
5	\$54,300
6	\$58,300
7	\$62,350
8	\$66,350

60% of Ames, Iowa MSA	
Family Size	Gross Income Cannot Exceed
1	\$42,240
2	\$48,240
3	\$54,300
4	\$60,300
5	\$65,160
6	\$69,960
7	\$74,820
8	\$79,620

80% of Ames, Iowa MSA (Low Income)	
Family Size	Gross Income Cannot Exceed
1	\$56,300
2	\$64,350
3	\$72,400
4	\$80,400
5	\$86,850
6	\$93,300
7	\$99,700
8	\$106,150

** Effective June 15, 2022

2023 HUD Statewide Allocations:

NAME	STA	CDBG	RHP	HOME	ESG	HOPWA
State of Iowa	IA	\$24,645,105	\$0	\$9,293,374	\$2,974,040	\$982,437
Ames	IA	\$557,990	\$0	\$321,764	\$0	\$0
Cedar Falls	IA	\$261,652	\$0	\$0	\$0	\$0
Cedar Rapids	IA	\$1,093,651	\$0	\$421,481	\$0	\$0
Council Bluffs	IA	\$973,266	\$0	\$0	\$0	\$0
Davenport	IA	\$1,611,691	\$0	\$493,128	\$0	\$0
Des Moines	IA	\$3,743,198	\$0	\$1,120,883	\$336,226	\$0
Dubuque	IA	\$1,031,452	\$0	\$0	\$0	\$0
Iowa City	IA	\$731,382	\$0	\$515,467	\$0	\$0
Sioux City	IA	\$1,610,634	\$0	\$534,582	\$0	\$0
Waterloo	IA	\$1,235,161	\$0	\$565,333	\$0	\$0
West Des Moines	IA	\$322,353	\$0	\$0	\$0	\$0

City of Ames CDBG Allocations from HUD:

<u>Year</u>	<u>Amount</u>	<u>Program \$'s</u>	<u>Admn. \$'s (20%)</u>
2004-05	\$589,000	\$471,200	\$117,800
2005-06	\$562,732	\$450,186	\$112,546
2006-07	\$502,589	\$402,071	\$100,518
2007-08	\$500,165	\$400,132	\$100,033
2008-09	\$479,660	\$383,728	\$ 95,935
2009-10	\$491,369	\$393,096	\$ 98,273
2010-11	\$534,545	\$427,636	\$109,909
2011-12	\$449,081	\$359,277	\$ 89,804
2012-13	\$511,276	\$409,021	\$102,255

City of Ames CDBG Allocations from HUD, cont.:

<u>Year</u>	<u>Amount</u>	<u>Program \$'s</u>	<u>Admn. \$'s (20%)</u>
2013-14	\$509,171	\$407,337	\$101,834
2014-15	\$488,278	\$390,622	\$ 97,655
2015-16	\$484,297	\$387,438	\$ 96,859
2016-17	\$490,986	\$392,789	\$ 98,197
2017-18	\$510,515	\$408,412	\$102,103
2018-19	\$572,094	\$457,675	\$114,419
2019-20	\$581,207	\$464,966	\$116,241
2020-21	\$602,550	\$482,040	\$120,510
2021-22	\$599,177	\$479,342	\$119,835
2022-23	\$569,187	\$455,350	\$ 113,837
2023-24	\$557,990	\$446,392	\$ 111,598

City of Ames HOME Allocations from HUD:

<u>Year</u>	<u>Amount</u>	<u>Program \$'s*</u>	<u>Admn. \$'s (10%)</u>
2018-19	\$750,000	\$562,500	\$75,000
2019-20	\$481,968	\$361,476	\$48,197
2020-21	\$468,577	\$421,719	\$46,857
2021-22	\$350,543	\$315,489	\$35,054
2022-23	\$405,511	\$364,960	\$40,551
2023-24	\$321,764	\$289,588	\$32,176

*Does not include 15% of allocation that is set aside for eligible Community Housing Development Organization (CHDO)



HOME-ARP PROGRAM



What is HOME-ARP



The ***American Rescue Plan Act of 2021*** appropriated \$5 billion to provide affordable rental housing, services, and non-congregate shelter to individuals experiencing homelessness and other vulnerable populations. The funds were allocated by formula to jurisdictions that qualified for funding through the *HOME Investment Partnership Program* (*HOME Program*) from the U.S. Department of Housing and Urban Development (HUD). This ***special one-time*** round of funding is called the “**HOME-ARP**” program.



HOME-ARP PROGRAM, cont.



- The City of Ames was allocated \$1,269,248
- The City of Ames submitted its HOME-ARP Allocation Plan on March 31, 2023
- Submittal of the allocation plan that must be approved by HUD before funds are made available.
- Funds may be used to support specific populations via specific eligible activities
- All funds must be expended by Sept. 30, 2030



HOME-ARP PROGRAM, cont.



Executive Summary

Funded Activities:

The City plans to use 15 percent, or \$190,387, of the allocation for administrative and planning costs. The majority, 85 percent—or \$1,078,861—of funds will be for the acquisition and development of **non-congregate shelters**. If the acquisition and development of non-congregate shelters is not requested by any non-profit organizations, the city will request to move that funding into the development of rental housing.



HOME-ARP PROGRAM, cont.



Executive Summary, cont.

Populations Assisted

At least 100 percent of the HOME-ARP units will be for qualifying populations or those individuals and families who are experiencing homelessness; or are fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking.

Production Goals

The City expects to create at least three (3) non-congregate units.



HOME-ARP PROGRAM, cont.



Executive Summary, cont.

HOME-ARP Activities Administration:

- The City of Ames intends to administer the eligible activities directly.
- City staff will prepare program guidelines and an application and begin solicitation to area agencies based on the HUD requirements for Non-congregate housing units to ensure the long-term impact and financial capacity of the agencies for the populations being served.

City of Ames CV-CARES (COVID-19) Allocations from HUD:

Program Year 2019-20

One Time Funding ONLY

<u>Source</u>	<u>Round</u>	<u>Amount</u>	<u>Program \$'s*</u>	<u>Admn. \$'s (10%)</u>
CDBG	1	\$354,515++	\$319,064	\$35,451-CLOSED
IEDA*	2	\$600,000	\$540,000	\$60,000
CDBG	3	\$356,455++	\$320,809	\$35,645-CLOSED

++ Combined into one Grant for \$710,970

* State of Iowa-Economic Development Authority

BREAK !!!



THE CONSOLIDATED PLAN

The Consolidated Plan is the document that is submitted to HUD that serves as the planning document (comprehensive housing affordability strategy and community development plan) of the jurisdiction for funding under any of the CPD formula grant programs.

What are the components of the Consolidated Plan?

Component 1: The **Strategic Plan establishes goals** to identify, prioritize, and address the general needs of low and moderate income persons for housing, jobs, and services for a three (3) or five (5)-year period*;

Component 2:

Annually, in an **Action Plan** address how are those needs will be carried out through various program activities.

Component 3:

Annual report called the **Consolidated Annual Performance and Evaluation Report (CAPER)**.

*The City of Ames is on the 5-year cycle

The priority needs of the **Strategic Plan** must fall into these categories :

1. Major Housing and Community Development needs of **Low- and Moderate-Income residents** of the community
2. Other major Housing and Community Development needs (for residents who are **not of low and moderate income**)

2019-23 STRATEGIC PLAN GOALS AND PRIORITIES FOR **LOW AND MODERATE-INCOME PERSONS**

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.

2019-23 STRATEGIC PLAN GOALS AND PRIORITIES FOR “**NON-LOW**” AND MODERATE-INCOME PERSONS

Utilize and leverage **CDBG and HOME** Funds through “private, non-profit, and public” partnerships to create, sustain, and expand affordable 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.

Prior to proposing activities for the Annual Action Plan, staff reviews the following HUD guidelines that outline the following key steps:

- Determine if the proposed activity is included in the listing of eligible activities.
- Determine if the proposed activity meets the City's Consolidated Plan priority goals for addressing the needs of low- and moderate-income persons within the community.
- Determine if the proposed activity can meet one or more National Objectives.
- Ensure that carrying out the activity will meet HUD's requirement that 70% of the grantee's CDBG expenditures, over a three-year period, will be on activities that benefit low- and moderate-income persons; and
- Meet the performance measurements requirements for timeliness test can be met.

In addressing the proposed 2023-2024 Annual Action Plan needs, the following program projects are being suggested for consideration, cont.:

Focusing on these projects for the 2023-24 program year will continue to make an impact on the need identified in the 2019-23 Consolidated Plan and 2019 Fair Housing Impediments Study, as well as that:

- The proposed projects are consistent with the **City Council's goals and priorities to focus on neighborhood sustainability by improving and expanding the housing stock for low- and moderate-income households and in our vital core neighborhoods.**
- The proposed implementation sequence for the project activities should help meet HUD's timely expenditure requirements.
- Over 90% of the activities proposed would be of 100% benefit to low- and moderate-income persons.

CURRENT ADOPTED 2022-23 Action Plan Expenditure Budget:	
Programs	Budget
CDBG Homebuyer Assistance Program (Down payment and Closing Cost)	\$500,000
Housing Improvement Rehabilitation Program for Single-family Homeowners	\$225,000
Infrastructure Pocket Park Improvements-Baker Subdivision	\$130,000
Acquisition/Slum and Blight Removal Program	\$275,279
CDBG-CV CARES (Rent, Mortgage & Utility) Relief Assistance	
CDBG-CV CARES Public Services Assistance-Mental Health-(To Be Determined)	
HOME Multi-Family LIHTC Assistance New Construction	\$1,801,222
General Administration for CDBG, HOME & CARES	CDBG: \$119,836 HOME: \$177,808 CARES: \$10,000
Total	\$3,382,427*
CURRENT ADOPTED 2022-23 Action Plan Revenue Budget:	
2022-23 Anticipated CDBG Allocation	\$599,177
2021-22 Anticipated CDBG Program Rollover	\$600,000
2021-22 Anticipated CDBG Anticipated Program Income	\$50,938
2021-22 Anticipated CDBG-CV CARES Rollover	\$153,282
2022-23 Anticipated HOME Allocation	\$350,543
2020-21 Anticipated HOME Program Rollover (Admn & Programming)	\$1,681,068
2022-23 Minus Anticipated CHDO Set Aside	- \$52,581
Grand Total CDBG & HOME	\$3,382,427*

In addressing the proposed 2023-2024 Annual Action Plan needs, the following program projects are being suggested for consideration:

1. Continue programs from 2022-23.
2. Utilize CDBG funds to provide infrastructure improvements to neighborhoods in HUD-designated LMI Census Tracts.
3. Utilize CDBG funds to provide Security Deposit and 1st Month's Rental Assistance (including utilities)
4. Utilize HOME funds to provide possible Tenant Base Rental Assistance (TBRA).



Tentative Timeline of Next Steps

2023-24 Action Plan

- | | |
|--|-------------------|
| 1. Public Forums | April 26-27, 2023 |
| 2. Follow-up Public Forums w/Council | May 9, 2023 |
| 3. Prepare Plan | May-June 2023 |
| 4. 30-Day Comment Period for Action Plan | July 2023 |
| 5. Public Hearing for Action Plan | August 8, 2023 |
| 6. Submit Plan to HUD on or before | August 16, 2023 |

Email me at: vanessa.bakerlatimer@cityofames.org

