City of Carroll

112 E. 5th Street Carroll, Iowa 51401-2799 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Honorable Mayor and City Council Members

FROM: Laura A. Schaefer, Finance Director/City Clerk

DATE: September 8, 2016

SUBJECT: 2017 CDBG Housing Application

Region XII Council of Governments (COG) has begun work to identify communities in their service area to apply for a Community Development Block Grant Housing Fund (CDBG-HF) for housing rehabilitation in 2017. Region XII has requested the City of Carroll consider this grant opportunity.

Attached is information from Rick Hunsaker, Region XII Executive Director, and Karla Janning, Housing Programs Coordinator, about the basics of the program, grant process, post-award process, impact on the city, impact on the community, impact on the homeowner, and decisions needed.

The City has participated in a similar grant in 2002. The local match committed for that application was $37,500. Region XII will give us input on what amount to consider for this grant application.

RECOMMENDATION: Council consideration, discussion and appropriate action.

REGION XII
COUNCIL OF GOVERNMENTS

September 2, 2016

TO: Carroll City Council
FROM: Rick Hunsaker, Executive Director
Karla Janning, Housing Programs Coordinator
RE: 2017 CDBG Housing Application

The COG is in the process of identifying communities that would like to pursue a Community Development Block Grant Housing Fund (CDBG-HF) for housing rehabilitation in 2017. Carroll has previously sought and been awarded funds from this program (2002), as have many communities in our region. This memo is intended to introduce you to the program and potential project. COG staff intend to be at the September 12, 2016 City Council meeting to answer questions and determine the City's interest.

Basics
This program provides forgivable loans (which forgive over 5 years) to individual homeowners who apply and qualify for the program. Aside from needing to have owned their home for at least 6 months, eligible homeowners must have a verified income of less than 80% of the median income, have a home that can be brought up to the IEDA Housing Quality Standards through the program, and live within the target area identified in the application. The City may ask for up to six (6) projects in the application, or six homes to be rehabilitated. While these homes do not need to be identified at time of application, there is more work to be done for the application than had been required in the past.

Grant Process
The grant is expected to be due sometime around the middle of January, 2017, but could be sooner. Before that time, these major items would need to be accomplished, with which the COG can assist:

1. Establish an ad-hoc housing committee (city) to provide input and advice (if a committee does not already exist).
2. Identify initial target area and refine that area based upon survey responses.
3. Gather pre-applications from the target area and analyze to demonstrate need and anticipated eligibility.

4. Demonstrate low & moderate income eligibility of the target area (not the whole city).
5. Determine & commit to local match to be provided for the project.
6. Hold public hearing on the application and approve submission.

Post-Award Process

If the project is selected for funding, the City will execute a contract with the State. The City will then:

1. Execute a contract for administration and a contract for technical services for the project. The COG has fulfilled these roles in the past, most recently with the now-completed down-payment assistance program.
2. The City can also choose to execute a subrecipient agreement, essentially turning over management of the project to the subrecipient. Subrecipient agreements serve to free the city from providing interim financing and writing individual project checks. The COG also fulfilled this role with the down-payment assistance grant.
3. Applications are taken & clients verified for the program
4. Homes are inspected and specifications written to bring the home into compliance with IEDA Housing Quality Standards.
5. Work is bid and the low bid accepted unless there are compelling reasons not to do so. Contracts are signed between the homeowner, contractor, and city (or COG if subrecipient). The forgivable lien filed will be in the name of the City.
6. If the project is feasible, or if additional grant/loan can be found for those projects exceeding available per-project funds, closing documents are executed and liens filed.
7. Work is completed by private contractors and projects closed out when work is done.
8. The City has 3 years to complete the work. If the project progresses well, ends early, and additional clients are identified, the State may provide additional grant funds under the same contract without any additional local match required.

Impact on City Government

Concerning the burden this program places on City resources, these are known:

1. Cost of local match.
2. Grant funds flow through city and are audited.
3. Staff time to process checks and reports (greatly minimized with contracted administrative assistance).
4. Interim financing (unless a sub-recipient agreement is in place).
5. Cost of legal publications for public hearings (program covers legal publications for bidding).
6. Time/cost for labels, postage, and printing for the interest survey (COG can provide actual survey and will assist in stuffing envelopes).
7. Possibly some staff time to help chase down LMI surveys.
8. $500 for the COG to gather/process the client-specific information & the initial environmental.

Impact on the Community

1. Improved appearance of existing workforce housing stock.
2. Positive neighborhood impact in the targeted area.
3. Potential for local contractors to bid on projects.
4. Increased economic activity from the project.
5. Improved lifespan of workforce housing units.

Impact on the Homeowner

1. Access to funds that can help make their home decent, safe, and sanitary.
2. Major repairs and updates (roof, windows, HVAC, electrical, siding, etc.)
3. Radon mitigation (if present)
4. Lead-safe practices for lead-based paints and varnishes

Decisions Needed

1. Is the City interested in pursuing this grant opportunity? Given the work to be done, this decision is best sooner than later.
2. Is the City interested in having the COG complete the up-front work and the application for $500 + the cost of copies and postage (unless the City completes these last two tasks)? This decision is not needed September 12 but sooner is better than later given the work to be done.
3. If a housing committee does not exist, will one be formed and who will serve? This committee does not need to be large, but should be in place soon to help identify the target neighborhood and provide direction in the grant preparation process.
4. What local match is the City willing to contribute towards the project (would be in FY2018/FY2019)? This should be made prior to the end of the year so that the required public hearing can accurately lay out proposed project specifics.

CDBG Owner-Occupied Housing Rehabilitation Grant Program

	Household Size							
	1	2	3	4	5	6	7	8
Carroll County	$ 37,100	$ 42,400	$ 47,700	$ 52,950	$ 57,200	$ 61,450	$ 65,700	$ 69,900

- The interested family or individual within the target area shown completes and submits an application to Region XII. Homes cannot be purchased through a land contract and must have current homeowners insurance.

- The application requests information necessary to verify the yearly income of the family or individual. Please remember that all personal information we obtain about applicants remains confidential.

- After a family is deemed eligible a housing inspector will contact the homeowner for an initial inspection to determine what repairs are needed.

- Repairs will follow Iowa Minimum Housing Standards guidelines.

- Eligible households may recieve up to **$24,999** in rehabilitation funds.

- These funds are in the form of a 5-year forgivable loan.

REGION XII
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For More Information Contact:
Karla Janning, Housing Programs Coordinator
kjanning@region12cog.org
712-792-9914

Ashley Owen, Housing Administrative Assistant
aowen@region12cog.org
712-792-9914

1009 Anthony Street
PO Box 768
Carroll, IA 51401