



CITY OF IOWA CITY MEMORANDUM

Date: December 11, 2008
To: City Council
From: Nasseem Moradi, Flood Recovery
David Purdy, Flood Recovery
Re: Flood Recovery and HMGP Buyout Update

Jumpstart State

To date, we have committed and/or distributed \$230,298 in Jumpstart State funds. The funds are being distributed pursuant to the state required ratio of 80% to rehab, 10% to interim mortgage assistance and 10% to down payment assistance. So far we have committed to and/or assisted 10 households with Jumpstart State Funds and continue to contact applicants. We are estimating that we will be able to assist between 16 and 20 households with Jumpstart State funds before all of the funds are depleted.

Jumpstart Federal (CDBG)

We are currently processing income and asset verification forms for the first 35 applicants on the list; we anticipate being able to provide some amount of assistance to each applicant who qualifies for Jumpstart Federal (CDBG) funds; 54 households currently qualify.

After Mayor Bailey wrote to Governor Culver regarding the restrictions surrounding the federal funds, the following changes were made:

1. Under a new program called "Jumpstart Express" we are permitted to engage in "sub-activities" that provide for emergency repair and rehabilitation not to exceed \$24,999. We are no longer required to bring the entire home up to local housing code and lead-based paint lead abatement does not apply to this new program; however, other less restrictive lead-based paint regulations apply.
2. Down payment assistance and interim mortgage assistance are no longer tied to the timing of the buyout.

Now that the Jumpstart Federal rules are more clearly defined we are able to direct applicants to the appropriate program for their needs. Some applicants moved from Jumpstart State to Jumpstart Federal which allows for a broader distribution of the State funds.

We are still waiting for Iowa Department of Economic Development to complete their duplication of benefits analysis; until this is done we are not able to distribute funds. We are ready to issue approximately \$375,000 in CDBG funds, the majority of which will be used for rehabilitation and repair.

Community Foundation Housing Assistance

There are currently 46 households eligible for the mortgage and rental payment assistance being offered through the Community Foundation of Johnson County. We have contacted 17 households at this point and 9 of those households have responded by turning in mortgage and rental payment verifications. The Community Foundation has committed \$21,685.50 to these 9 households. At this time we estimate that 20-25 of the eligible households will receive assistance before reaching the \$50,000 maximum that is allocated for this assistance.

Jumpstart Small Business

The Jumpstart Small Business Assistance Program began with an initial grant agreement for \$1,109,724 which has been amended to \$2,219,448. The State of Iowa required each applicant to have attained a loan for flood recovery from either the SBA or a conventional financial institution. To date, the City of Iowa City has received 40 applications for assistance totaling \$1,082,536. 28 applications have been funded for a total of \$677,536. Nine applications requesting a total of \$303,750 are pending, waiting for additional informational information. 3 applications did not meet application criteria.

The initial application period for Jumpstart Small Business Assistance closed on November 7 and we are in the process of reviewing program criteria and will reopen the application period due to the increase in funding.

Hazard Mitigation Grant Program

On December 5th, a mailing was sent to homeowners interested in acquisition. It outlined the process, timelines, duplication of benefits, and fair market value. It is anticipated the Hazard Mitigation Grant Program (HMPG) application will be submitted to state HMPG officials in early January. They have indicated the review can take 3-6 months, but are hoping it can be completed in 3 months.

Currently, we have 42 homeowners interested in acquisition and 15 that have said no. That could change slightly before the final application is submitted. I have attached a map of the properties interested in being acquired.

Based on review of home sales in the area for the past 2 years, it was established that the fair market value for the homes would be set at 112% of assessed value. This will serve as the initial offer from the city of Iowa City. An appeals process has been drafted and will be sent to homeowners in the next few days.

