



CITY OF IOWA CITY MEMORANDUM

DATE: 11/13/2008
TO: CITY COUNCIL
FROM: ELEANOR M. DILKES, CITY ATTORNEY *EMD/oy*
SUSAN DULEK, ASS'T. CITY ATTORNEY *SD*
RE: FLOOD UPDATE

Introduction

This is to update Council on the Iowa Jumpstart Housing Assistance Program, Iowa Jumpstart Small Business Assistance Program, the first round of supplemental Community Development Block Grant (CDBG) funding, and the Hazard Mitigation Grant Program (HMGP) application.

Iowa Jumpstart Housing Assistance Program

The City has received \$686,196.58 in Iowa Jumpstart Housing Assistance Program funds for home repair/rehabilitation, interim mortgage assistance, and down payment assistance for flood victims. The City received 126 applications for assistance.

As directed by Council, City staff has ranked the applications based on the CDBG weighting criteria with the exception of income. Although the Jumpstart Iowa program is open to everyone regardless of income, the state did approve the City using income to break a tie. Excluding income, the City's CDBG weighting criteria are: elderly (age 62 or over), disabled, large family (5 or more people), medium family (3 or 4 people), and single parent household. If an applicant for Jumpstart met any of those criteria, the applicant received a certain number of points. If, after adding up those points, there was a tie, then income was used. For example, if three households all had 55 points, then the household with the lowest median income would be ranked first and the household with the highest income would be ranked last.

To date, the City has committed interim mortgage assistance to two households and repair/rehabilitation assistance to eight households for a total of \$429,000. The reason that more households have not received assistance yet is because the State has not finalized the program rules for the CDBG program, which is discussed more fully below.

Iowa Jumpstart Small Business Assistance Program

The City has received \$1,479,632.00 in Iowa Jumpstart Business Assistance Program funds. To date, the City has received 35 applications and has approved 23 of them for a total of \$515,589, of which \$172,406 has already been distributed. Of the remaining 12 applications, 2 applicants are not eligible, and 10 are still being reviewed.

Community Development Block Grant

The City was awarded a grant of \$1,200,844.00 in supplemental CDBG funds for housing assistance, but has not received any of the funds yet. The State is referring to this program as "Jumpstart federal."

Although the State has decided that the funds must be used for the same three categories as Jumpstart Iowa (home repair/rehabilitation, interim mortgage assistance, and down payment assistance), there are four, and possibly five, major differences between the Jumpstart Iowa and the CDBG program

First, the State required the City to have a short application period for Jumpstart Iowa funds, and the City set a deadline of October 14. All applications filed before October 14 were considered for both Jumpstart and CDBG assistance so that home owners did not have to submit two applications. The City will continue to accept applications for CDBG until the funds run out.

Second, in order to be eligible for CDBG assistance, the household must have income under the area median income set by HUD. The median income for a household of 1 is \$50,800, a household of 2 is \$58,000, a household of 3 is \$65,300, a household of 4 is \$72,600, and so on.

Third, there is approximately twice as much funding available in CDBG assistance compared to Jumpstart Iowa funds.

Fourth, the State Department of Economic Development Department has not finalized the rules for the CDBG program and has not wired any funds to Iowa City. As a result, the City has not been able to disburse any CDBG funds.

A fifth possible difference is that the CDBG program presently requires that the home be brought up to Code. For example, if the household accepts CDBG funds to repair flood damage, the roof, which was not damaged in the flood, must be brought up to Code. In Parkview Terrace, this is particularly problematic because all homes constructed before 1978 will have to be lead safe or abated. Not only is this quite expensive, there are no lead certified abatement contractors in the Iowa City area. If the household is unable to afford to bring the home up to Code for less than \$60,000 (the maximum amount available), the household either has to pay for the remaining costs or turn down the CDBG assistance. Because this requirement substantially limits the usefulness of this program, City staff has been in contact with State officials and elected officials about this issue. A group of three from the Iowa Department of Economic Development, which administers the CDBG program, will be coming to Iowa City to discuss this matter on Friday, November 14. It is my understanding that the Mayor and local legislators will be attending the meeting as well.

Furthermore, the lack of rules is preventing the City from disbursing the remaining approximate \$235,000 in Jumpstart Iowa funds. As I said above, all applicants have been ranked based on the weighting criteria. Because the City has more CDBG funds than Jumpstart Iowa and because CDBG has an income requirement, the top person on the list preferably would receive CDBG funds rather than Jumpstart Iowa if the household is under the median area income as a way to stretch the Jumpstart Iowa funds. However, if the household for some reason is not be able to use the funds under the final CDBG rules, then the household will get Jumpstart Iowa funds. As a result, the City has gone down the list only so far and does not want to commit the remaining Jumpstart Iowa funds until it is notified of the final rules.

HUD has announced a second round of supplemental CDBG funding. Because the public could comment on the proposal until November 9, the amount of funds that Iowa City will receive and the activities eligible for funding have not been finalized. City staff will update Council when HUD issues its action plan with respect to the second round of funding.

Hazard Mitigation Grant Program

The application is due January 31, 2008, and staff would like to present it to Council for approval at the first meeting in January. The State of Iowa Homeland Security and Emergency Management Division will begin reviewing the application as soon as it is received. The State will be working with City staff before the application is submitted to insure that all the necessary information is provided. After the State reviews it, the application will be forwarded to FEMA. The State continues to tell City staff that it will take two to three months from submission before FEMA will make a decision.

City staff has still not determined whether the property in Showers Addition will be eligible for HMGP funding.

The packet contains a memo from David Purdy with additional information on the HMGP.

New Staff

The City has hired two full-time temporary staff to work exclusively on flood-related matters, Nasseem Moradi who has been working since October 15 and David Purdy who has been on staff since October 23.

City Website

The City has a link on its web site with helpful flood-related information, including this Memorandum. The web site address is www.icgov.org/recovery. On the home page, click on "Flood Recovery Resource Center, including Buyout Process Updates."

Copy to:

Michael A. Lombardo, City Manager

Dale E. Helling, Ass't. City Manager

Marian K. Karr, City Clerk

Jeff Davidson, Director of Planning and Community Development

Wendy Ford, Economic Development Coordinator

Rick Fosse, Director of Public Works

Steve Long, Community Development Coordinator

Ron Knoche, City Engineer

Tracy Hightshoe, Planner

Nasseem Moradi, Flood Recovery

David Purdy, Flood Recovery