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PLANNING, ZONING AND BUILDING SAFETY

**Public Health,
Housing Inspections &
Inspection Services**

MEMORANDUM

To: Mayor and City Council Members

Cc: Gregg Mandsager, City Administrator
Steven Boka, Director of Community Development

From: Jim Rudisill, Planning/CD Coordinator

Date: December 7, 2010

Re: **2009 CDBG Housing Rehabilitation Program Status Public Hearing**

INTRODUCTION:

The City of Muscatine was awarded a two-year, \$264,162 Community Development Block Grant (CDBG) in FY 2009 for housing rehabilitation in a targeted area of the community. The city must hold at least one public hearing during the two-year grant period to review the status of funded activities; and provide residents and other interested persons an opportunity to comment on those activities and the program in general.

The city council has approved a resolution setting this public hearing for December 9, 2010 at 7 p.m. Proper public notice has been published in the Muscatine Journal. The attached material identifies and provides a summary of program activities required to be reviewed as part of the public hearing.

The deadline for completing the FY 2009 CDBG Housing Rehab Program is June 30, 2011.

BACKGROUND:

Muscatine's FY 2009 CDBG – Housing Rehabilitation Program is the latest in a series of housing rehab programs conducted in Muscatine and funded through the CDBG program. While some programs date back to the 1970s, the most recent series began in FY 2000. Additional programs (funded separately) since then have included FY 2003, FY 2006 and now FY 2009. The table below breaks out the grant revenue and number of projects for each program period.

**"I remember Muscatine for its sunsets. I have never seen any
on either side of the ocean that equaled them" — Mark Twain**

CDBG REVENUE AND PROJECT SUMMARY

| YEAR | GRANT REVENUE | NUMBER OF PROJECTS |
|--------------|-----------------------|---------------------------|
| 2000 | \$314,988.00 | 13 |
| 2003 | \$392,862.00 | 11 |
| 2006 | \$415,788.00 | 12 |
| 2009 | \$264,988.00 | 7 |
| TOTAL | \$1,387,800.00 | 43 |

The City of Muscatine submitted a \$456,888 FY 2009 Housing Fund grant application to the Iowa Department of Economic Development's (IDED) Community Development Block Grant (CDBG) program on November 18, 2008. The application requested funding to rehabilitate 12 homes in a portion of the Riverbend and Fourth Street Park organized neighborhoods (see attached map of target area). As part of its funding request, the city agreed to provide \$10,300 in matching funds for both general and direct administrative expenses. This money would come from funding already earmarked in the city's budget for personnel.

Under the Housing Fund Program, all rehabilitation work must meet city code requirements and provide "safe, sanitary and decent living conditions" for eligible homeowners. Initially, the city's 2009 proposal was not funded. However, the IDED later received a supplemental appropriation to the CDBG program and used it to award a reduced grant of \$264,162, effective June 24, 2009. The grant award would finance the rehabilitation of a minimum of seven (7) properties in the targeted area. Each property would receive a maximum of \$24,999 in hard construction funding. In addition, each property would be eligible for up to \$5500 in lead-paint reduction funding. The remainder of the grant request would cover administrative costs (salary, overhead and other items).

The city council approved an administrative plan for the project on August 6, 2009.

In addition to this revenue, an application for funding was submitted to the Muscatine Local Housing Trust Fund, requesting funding assistance to cover costs not eligible for assistance under the CDBG grant. Approximately \$3000 has been tentatively awarded through that program, although administration of the funding will go through United Way of Muscatine.

As of December 7, 2010, two of the seven anticipated projects have been completed and one project is approximately 70% complete. A contract has been let on a fourth project, but work has not yet started. Bids on a fifth project will be opened on December 10, with council consideration to award a contract planned for its December 15 meeting. Review and verification work on the final two projects is expected to begin in a few weeks. Once bids are received on the final two planned projects, the city should be able to determine if any additional projects can be funded.

A summary table showing the expenditures through November 30, 2009 for these projects is below.

| FISCAL YEAR | CONSTRUCTION | GENERAL ADMINISTRATION |
|--------------------|----------------------------|-----------------------------------|
| 2009 | None | None |
| 2010 | \$37,477.00 | \$11,767.00 |
| 2011 | \$45,305.00 (rest pending) | All pending |
| TOTAL | \$82,782.00 | \$11,767.00 |

Additional information on the program is provided on later pages.

RECOMMENDATION/RATIONALE:

This is a report only and no recommendation/rational is offered.

BACKUP INFORMATION:

1. See Accompanying Pages
- 2.
- 3.
- 4.
- 5.

**FY 2009 Housing Rehab Program
Progress Status Public Hearing
Muscatine City Hall; Muscatine, IA
December 7, 2010**

Project Process & Results for 2009 Program

After being notified of the award, the city conducted a required environmental review prior to seeking any release of funds. This review was completed on September 21, 2009 and the IDED subsequently approved a Release of Funds on October 15, 2009. During the initial sign-up from October 12, 2009 to October 23, 2009, each home in the target area received a letter that summarized the program guidelines, outlined the target area and invited all potential applicants to complete an application or contact city hall for more information. (see attached material). If an owner-occupier of a property was able to give an affirmative answer to all 10 of the pre-application questions, that person could then complete the more detailed questionnaire. That questionnaire was used to determine initial income eligibility and ranking. The income and other qualifying information would be verified later when that person's initial application rose to the top of the ranking list. Once the initial sign-up period ended, any additional applications were assigned to the project waiting list. Those individuals would be invited to complete an application if funding became available.

Following the application process and after each property owner's application comes to the top, that applicant's information is verified. Following that verification, a final determination of eligibility is then determined. All applicants are required to be at or below 80% of the federal household income level for Muscatine County. That level is set by the Department of Housing and Urban Development and varies by household size (the current table for Muscatine County is attached).

Once a determination of final eligibility is made, the city inspects the property and determines the type of rehabilitation needed. A specifications worksheet is developed and bid invitations sent to nearly 70 local contractors. Contractors must apply to the program and meet eligibility guidelines to be awarded a contract. A list of those requirements is attached. A bid notice is also published in the local media. A walk-through for contractors interested in bidding on the project is held at the property one week prior to bid submittal.

All bids are then reviewed by the housing rehabilitation committee and the lowest responsible bidder is then recommended to the city council for a contract award. Following council action, a preconstruction meeting is held between the contractor, property owner and program administrator. The project specifications are reviewed and a contract and other documents signed. Meeting participants also establish a project start date. Households may be required to move out while construction is occurring because of lead-based paint and other issues. Property owners are encouraged to seek housing with relatives or friends. If that is not possible, the city will house the family at local hotels or motels, with funding provided through the grant.

Following completion of the work, which is routinely inspected by the city, the contractor provides a one-year warranty.

Application Information

The following applications have been filed as of this date. Verification of applications is completed as a specific application rises to the top of the ranking list, or if special circumstances develop. Verifications are good for only six months, after which the verification must be repeated. The tables include both verified and non-verified applications. Applications have not been taken for anyone on the waiting list. An application will not be completed by anyone on the waiting list unless funding remains after everyone who submitted an initial application has been verified or served.

| Total Applications Submitted | Applications Denied For Non-Economic Reasons | Applications Denied For Economic Reasons | Applications Withdrawn | Persons On Waiting List | Approved Applications |
|------------------------------|----------------------------------------------|------------------------------------------|------------------------|-------------------------|-----------------------|
| 29 | 0 | 2 | 0 | 6 | 27 |

Of the approved applications, the following information is provided:

| Total Applications Approved | Applications Withdrawn Or Denied | Number Of Applications With Verification Pending | Number Of Applications Verified But No Contract | Number Of Projects With Signed Contracts* | Number Of Projects With Construction In Progress | Completed Projects |
|-----------------------------|----------------------------------|--------------------------------------------------|-------------------------------------------------|-------------------------------------------|--------------------------------------------------|--------------------|
| 27 | 2 | 0 | 0 | 5 | 2 | 2 |

* assumes council approval of contract for 104 George on December 15, 2010

The table below represents the maximum annual income initially used in determining eligibility for the program. The numbers are slightly modified each year and are a little higher at this time.

| County | % Median Income | 1 Person Household | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-----------|-----------------|--------------------|----------|----------|----------|----------|----------|----------|----------|
| Muscatine | 80% | \$35,100 | \$40,100 | \$45,150 | \$50,150 | \$54,150 | \$58,150 | \$62,200 | \$66,200 |

Completed Work Items

A wide range of rehabilitation has been or will be completed through the program. Activities have included: installation of siding, new roof covering, foundation repair, new additions, drywall installation, painting, bathroom improvements, smoke/fire detectors, carpeting, electrical repairs and other work.

Project Locations/Effects

Approved/pending projects have been located at the following addresses:

- 1407 Mill
- 212 Grover
- 1828 New Hampshire
- 1720 Hershey
- 104 George (subject to council approval)

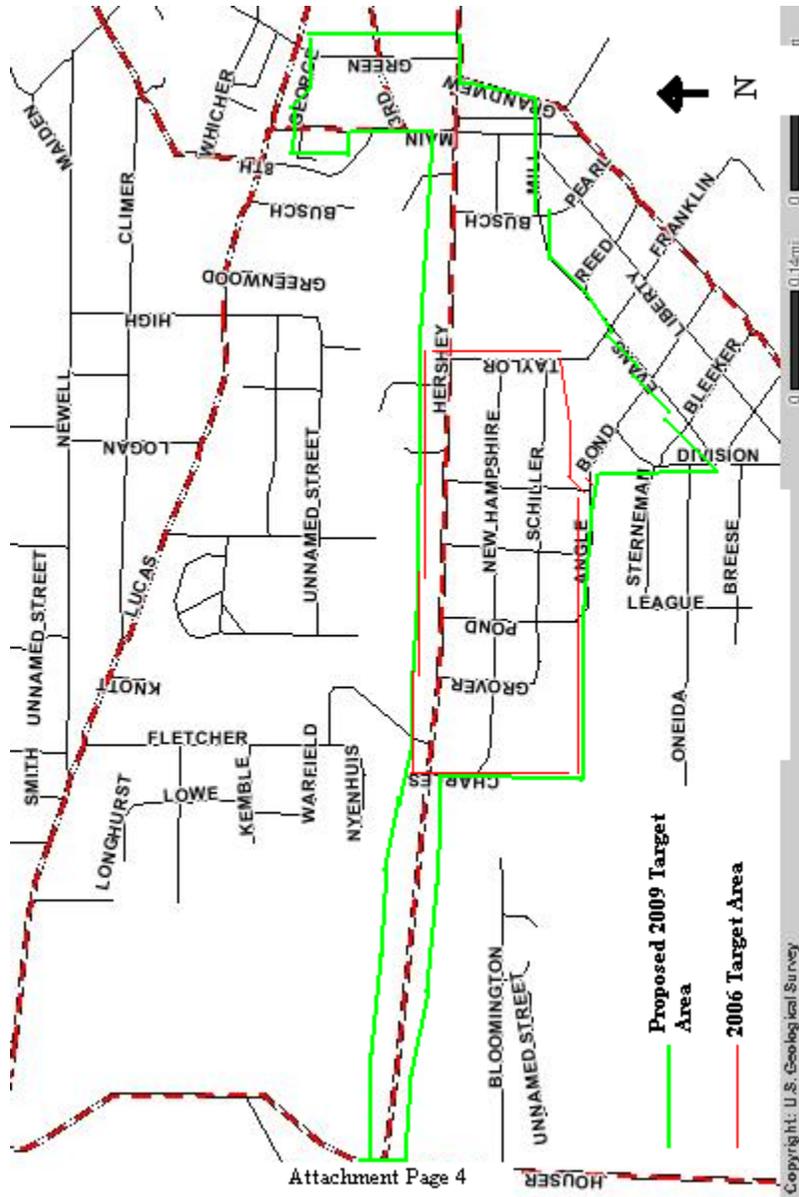
Changes To Original Budget, Targets, etc

There have not been any changes at this time to the original budget, performance targets, activity schedules, project scope, location, objective or beneficiaries at this time. A \$3000 grant has been awarded to the program through the Muscatine Local Housing Trust Fund. These funds will be used to support projects in excess of the \$24,999 grant or to cover costs that are not eligible under the CDBG funding. There is also a possibility that not all the CDBG grant funding will be used on the projected seven properties. If any funds do remain, additional properties within the target area may be selected for assistance. That will not be known until closer to the project completion date. If the number of properties is expanded, it may be necessary to seek an extension of the contract with the Iowa Department of Economic Development.

Future Housing Fund Proposals

It is anticipated the city might wish to consider submitting a new Housing Fund proposal upon completion of the current project in 2011. This is the second time portions of the current area have been funded. Traditionally, the city has moved to a new location after spending six years in one area, although some of the current area could be carried over to a new target area, provided they were contiguous. Other key points to keep in mind are a proposed area must be surveyed and at least 51% of the residents in that area must meet the 80% median-income guideline. The application window for the 2012 CDBG program year will likely be in November, based on previous application windows.

2009 HOUSING REHAB TARGET AREA



INITIAL PROPERTY OWNER LETTER

October 1, 2009

To: Riverbend Neighbors/4th Street Park Neighborhood Residents (living within housing rehab target area)

From: Jim Rudisill, Planning & CD Coordinator
City of Muscatine

RE: City of Muscatine's 2009-11 Riverbend Housing Rehabilitation Program

Dear Resident:

Earlier this year, the City of Muscatine was awarded \$264,162 in federal Community Development Block Grant (CDBG) funding. This money will be used to rehabilitate seven single-family, owner-occupied properties in a portion of the Riverbend Neighbors and 4th Street Park neighborhoods (see map). Your residence is within the targeted area. A five-year, forgivable loan of up to \$24,999 will be available for each eligible property, with an additional amount to cover the costs for control of lead-based paint.

Eligible residents must own and occupy the property and meet income guidelines (see accompanying income table). State guidelines for this program do not consider persons buying a property on contract to be the owner of the property. Properties on which a business operates may or may not be eligible, depending on how the business is organized and operated.

An initial application period has been scheduled for October 12-23, 2009.

Applications received after October 23, 2009 will be accepted, but will be placed on a waiting list. Waiting list applications will only be reviewed if funds remain after the initial applications are processed. Two informational meetings to provide details on this program have been scheduled. The first meeting is scheduled for Wednesday, October 7, from 6-7 p.m.; and the second meeting will be held on Friday, October 9, from 4-5 p.m.

For more information, please contact me at 563-264-1550, extension 134.

Thank you for your interest in this program,

Jim Rudisill
Planning and Community Development Coordinator

Esta carta explica el programa de Rehabilitacion de Vivienda que usted puede ser elegible si es dueno de su propiedad. Si necesita una traductora en Espanol porfavor llame al telefono 563-264-1554 y contacte a Alma Vega extension 137 o Sandra Alvarez extension 101.