

TO: Community Development Advisory Commission

FROM: Alexis M. Steger, Housing & Community Development Director

DATE: May 16th, 2019

RE: Agreement with Chris Richard for Rental Rehabilitation of 278 W 17th Street (30-units)

Background

Chris Richard is requesting Housing Tax Increment Financing (TIF) funding in the amount of \$330,000, and \$120,000 in Greater Downtown TIF as a zero interest loan, to assist with rehabilitation costs associated with the rehabilitation of 30 rental units located at 278 West 17th Street.

Discussion

The City of Dubuque is committed to providing safe, healthy and affordable rental opportunities throughout the City. 278 W 17th Street has been maintained by a previous owner, but needs significant rehabilitation, including an area of new roofing, flooring, kitchen cabinetry, bathrooms, and paint/repairs.

The 30 units at this location are currently affordable to low/moderate income residents, but the cost to rehabilitate the property would result in a significant price increase in rent if the city does not help support the rehabilitation. The agreement requires these units remain affordable for a period of at least ten years. The owner will be required to certify the affordability each year with the City of Dubuque Housing & Community Development Department during that 10-year period.

The total estimated cost of rehabilitation is \$1,300,000. The property owner, Chris Richard, applied for the Bee Branch Healthy Homes Program and was awarded \$277,000 to remediate past water intrusion hazards, add energy efficient upgrades, drainage systems, and foundation & roofing repairs. \$450,000 in TIF assistance will help cover the costs of heating and cooling systems, flooring, bathrooms, and kitchen improvements. The owner is funding the remaining estimated cost of the project for \$573,000.

Consistency with Unified Development Code

Projects requesting City support must be zoned for proposed use prior to receiving a financial commitment of support from the City. This property does not need to be rezoned for this project.

Projects requesting City support must be compliant with historic preservation regulations for proposed use prior to receiving a financial commitment of support from the City. This project may contain historic preservation efforts, and all requirements will be followed prior to reimbursement for the project.

Consistency with City Council Goals & Priorities

The City of Dubuque reviews applications for city support to ensure the request is consistent with the City Council Goals & Priorities. This project supports the City Council Goal #2: Vibrant Community: Healthy & Safe and Goal #3: Livable Neighborhoods and Housing: Great Place to Live. Weaved into these goals, the outcome of providing safe, affordable housing options throughout the city.

Relocation

Current residents will need to be temporarily relocated. Chris Richard will make all attempts to relocate tenants into units vacant onsite to create the smallest disruption for the tenants as possible. All relocation requirements for temporary and permanent relocation per Federal Guidelines will be followed.

Source of Income Committee

In December 2014, the City Council approved formation of a Source of Income Committee to conduct a two-year study examining the HCV program and its relationship to fair housing, with a goal of identifying ways to enhance fair housing in Dubuque (see Attachment C).

In February 2017, the Source of Income Committee ultimately recommended a collective impact approach to adopt and implement a mix of educational, outreach, and financial programs to increase housing provider participation in the HCV program. These recommendations are found in the Comprehensive Plan:

- Adopt and implement a mix of educational / outreach programs to increase participation in HCV program.
- Adopt and implement a mix of financial incentives / policies for creation of HCV units throughout community.

Based on the Source of Income Committee recommendations, ***the City now requires housing developers to accept HCV participants*** in conjunction with approval of an affordable housing development agreement. The owner of the property will be required to follow these guidelines and already accepts Housing Choice Vouchers.

Location

Affordable housing projects are given a priority for city support if they are located outside an area of concentrated poverty based on the recommendations of the Voluntary Compliance Agreement and U.S. Department of Housing and Urban Development. This project **is not** outside the area of concentrated poverty and therefore does not meet this objective.

Opportunity Areas

Iowa's LIHTC program calculated the "high" and "very high" opportunity areas as part of the State of Iowa's Analysis of Impediments to Fair Housing Choice. IFA and Iowa Economic Development Authority are required to conduct such an analysis because both agencies administer HUD funding. One of the components of the Analysis is to identify Opportunity Areas.

HUD adapted the Communities of Opportunity model to calculate opportunity index scores for each census block group on six separate dimensions: Prosperity, Labor Market Engagement, Job Access, Mobility, School Proficiency, and Community Health. Each dimension analyzed for **Iowa's Analysis of Impediments to Fair Housing Choice** includes a collection of variables describing conditions for each census tract in the State.

278 West 17th Street is in a designated opportunity area.

Recommendation

Staff recommends the City support the efforts of the property owner of 278 West 17th Street as it meets the goals and priorities of the City Council as well as many other outcomes that the city has identified through the consolidated plan. Chris Richard has proven to be a responsible landlord, and has established his want to be a good partner with the City in Economic Development and the cities goals for Economic Prosperity and Livable Neighborhoods & Housing. The property owner already accepts housing choice vouchers and works closely with the Section 8 caseworkers to ensure he is continuing to be a good landlord. Chris Richard is placing significant personal resources into making better units for lower income residents, and allowing the units to stay affordable.

Action Requested

I respectfully request the City Council approve city support in the amount of \$330,00 in housing TIF funds and \$120,000 Greater Downtown TIF funds as a zero interest loan to Chris Richard for the rehabilitation of 278 West 17th Street.