MEMORANDUM

TO: **Mayor and City Council**

FROM: **Christine Gordon, AICP, Housing Planner**

DATE: **September 4, 2018**

RE: **Funding Allocation and Program Guidelines**

I have prepared program guidelines for the three programs discussed at the August 20th, 2018 City Council meeting to be funded with Woodland Hills TIF.

1. *Down Payment Assistance* – Match funds to assist with the down payment for first time home buyer with a household annual income of less than 80% Area Median Income. The City will be working within an existing program through Neighborhood Finance Corporation (NFC) for Polk County only. In the balance of the City, city staff will operate the program but NFC will be doing the underwriting (qualifying applicants to be able to pay for mortgage). The details of this partnership with NFC are still being developed.

2. *Home Rehabilitation* – Assist owner-occupied units with necessary home repairs of up to $15,000 for households with annual income of less than 80% Area Median Income. This is very similar to the current programs with the exception of who does the work. West Des Moines currently has 14 households on the waiting list for Metro Home Improvement Program and typically 3 households are served each year.

3. *Valley Junction Upper Story Housing* – Competitive funding for one to one match money for new construction and/or rehabilitation of spaces in the commercial area of Valley Junction for upper story housing to be rented at Fair Market Rents to households at less than 80% Area Median Income. Detailed guidelines for this program are attached.

4. *Neighborhood Finance Corporation Home Repair Program* - Staff will work with Neighborhood Finance Corporation to expand the current boundaries of the program.

Enclosed:

- 2018 Income Guidelines and Fair Market Rents
- 2018 Utility Allowances – used for tenant paid utilities when figuring maximum rent

Down payment Assistance

Type of Housing Assistance	Home Ownership
Uses	Purchase of home – single family, townhouse, or condo within City limits of West Des Moines
General Rules/Purpose of Program	• Assist buyers to purchase homes in West Des Moines. • First time homebuyer – have not owned a home in the last 5 years • Funds will be available first come, first serve until funds are depleted
Eligible Households	<80% Area Median Income (AMI) – Household of 4 is $63,700 annual gross income
Amount of Assistance per household or per unit	For every dollar from the homebuyer, the City will contribute $2. 1:2 match up to $10,000
Guarantee of Investment	5 year promissory note decreasing 20% each year – only come due if house is sold in the 5 years of note (forgivable loan over 5 years)
Administrative Entity	Neighborhood Finance Corporation
Funding Availability	Beginning January 1, 2019, $50,000 will be available

Home Rehabilitation

Type of Housing Assistance	Home Ownership
Uses	Rehabilitation of existing units
General Rules/Purpose of Program	• Assist homeowners with home repairs related to mechanicals, weatherization, and accessibility • Must be owner and occupant of the home • Funds will be available first come, first serve until funds are depleted. Notice of the program will be made to the applications on the Metro Home Improvement Program waiting list (14 households on list as of 8-21-18) • Homeowners will obtain 3 bids on their own and bids will be reviewed and approved by the City
Eligible Households	<80% Area Median Income (AMI) – Household of 4 is $63,700 annual gross income
Amount of Assistance per household or per unit	A maximum of $15,000 per house
Guarantee of Investment	5 year promissory note decreasing 20% each year – only come due if house is sold in the 5 years of note (forgivable loan over 5 years)
Administrative Entity	City of West Des Moines
Funding Availability	Beginning January 1, 2019, $150,000 will be available

Valley Junction Upper Story Housing

Type of Housing Assistance	Rental
Uses	New construction or rehabilitation of existing second story and above spaces into rental housing in the area of Railroad to Vine, alley between 3rd and 4th Streets to alley between 6th and 7th Streets
General Rules/Purpose of Program	• Applications will be taken during a competitive round. If any funds remain, those funds will be available on a first come first serve basis until June 30, 2019 • A committee will review the applications and score them • The funds are a minimum of 1 to 1 match with funds from the developer/applicant. • Payments will be made on a reimbursement basis with receipt of paid invoices and lien waivers
Eligible Households	<80% Area Median Income (AMI) – Household of 4 is $63,700 annual gross income
Amount of Assistance per household or per unit	A maximum of $75,000 per unit
Guarantee of Investment	Development Agreement recorded against property for 15 years of affordability – units must be leased to household below 80% of Area Median Income and the units must be rented at Fair Market Rents for the 15 year period – the City will be reviewing income verifications at move-in of tenants and receive annual reports with occupancy and rents.
Administrative Entity	City of West Des Moines
Funding Availability	Beginning January 1, 2019, $750,000 will be available

Valley Junction Upper Story Housing Program

Program: Valley Junction Upper Story Housing Program

Purpose: To provide financial assistance to property owners in the renovation, upgrade, and new construction of the residential portion of mixed use properties within the designated areas.

Projects eligible for funding include but are not limited to:

1. major renovation of structural elements of the building, including new or replacement roofs;
2. total renovation and rehabilitation of underutilized building areas for housing;
3. new construction of residential units in a mixed-use development;
4. facade improvements;
5. residential additions to existing buildings;
6. ADA compliance;
7. installation and upgrades to electrical, plumbing, and mechanical systems to bring those systems up to current building codes standards;
8. upgrades to or installation of fire suppression systems; and
9. the cost associated with professional services of an architect, engineer, or other design professional.

These funds may be used in combination with the Regulatory Compliance Funds (RCF), and the Property Improvement Fund (PIF), but not with the Property Tax Rebate Program (PTR).

Eligible Areas: The commercial areas of the Historic West Des Moines study area: Railroad Avenue to Vine Street, alley between 3rd and 4th Streets to alley between 6th and 7th Streets

Program Funding: Properties owners within the designated areas are eligible to apply for funding of a forgivable loan up to $75,000 per residential unit on a minimum of a dollar per dollar match from other funding sources. The match cannot come from the other City programs.

Funding will be on a first come, first serve basis until June 30, 2019.

Unless otherwise approved by the City Council, the amount of the award shall not exceed 50% of the assessed value of the property.

Program Mechanics: Property owners wishing to apply for funding through the Valley Junction Upper Story Housing Program must submit an application to the Community and Economic Development Department through the competitive round.

Staff shall review the application for completeness. Once a determination of completeness has been made by staff, the application shall be referred to the Redevelopment Due Diligence Committee for a recommendation.

Multiple applications from the same property owner/developer for different buildings may be submitted during any one funding round.

Any project for which a building permit has already been issued will be ineligible for funding.

The Redevelopment Due Diligence Committee (Committee) shall be appointed by the Mayor and be made up of three representatives from the Historic West Des Moines Master Plan Study area, three citizens from the community at-large and three representatives from the West Des Moines Chamber of Commerce who are within the financial community in West Des Moines. The Committee shall score the applications for financial soundness and compliance with the adopted review criteria.

The Committee upon finalizing its review shall submit its recommendations to the Finance and Administration City Council (F&A) Subcommittee for its review. The F&A Subcommittee will forward its recommendations to the City Council for ultimate action to approve or deny the request.

In addition, the property owner/developer will be required to enter into a development agreement with the City before any work can begin. As part of the development agreement, the property owner will commit to leasing each assisted unit to households making at or below 80% of the Area Median Income (AMI) for a period of fifteen (15) years, see attached chart and the assisted units must be rented at Fair Market Rents during that fifteen (15) year time frame.

If the project is approved for funding, the property owner/developer will be required to submit documentation of project expenses, paid invoices, and lien waivers before release of funds. Funding will be on a reimbursement basis.

The City will review income verifications prior to move-in of tenants and receive an annual report with occupancy and rents.

In event of non-compliance, the City may make no further disbursements under the grant and demand repayment from the Grantee of all or a portion of amounts previously disbursed under the grant.

Funding: The approval of participation in this program does not imply that any legal entitlement is granted or that any business or property owner that meets the identified requirements will be offered the grant.

The City Council at its sole discretion shall be responsible for consideration and potential approval of the grant.

All construction work shall begin within six months of signing of the Development Agreement and, either a final inspection has occurred or a final occupancy permit has been issued before the property owner is allowed to submit documentation for a request for a final reimbursement.

Progress payments may be made upon completion of distinct phases of work, if it has been identified in the Development Agreement as permitted.

Timeline: The program shall run until whichever comes first, June 30, 2019 or until the funds committed to the Program have been expended. At that time the Finance and Administration City Council Subcommittee shall evaluate the Program for its effectiveness, and then make a recommendation to the full City Council as to whether the Program should be continued and re-funded or be allowed to sunset.

2018 HUD Income Limits									
		Household Size							
	% of Area Median Income	1	2	3	4	5	6	7	8
Extrememly Low Income	**30%**	16,750	19,150	21,550	23,900	25,850	27,750	29,650	31,550
Very Low Income	**50%**	27,900	31,850	35,850	39,800	43,000	46,200	49,400	52,550
	60%	33,480	38,220	43,020	47,760	51,600	55,440	59,280	63,060
Low Income	**80%**	44,600	51,000	57,350	63,700	68,800	73,900	79,000	84,100
Area Median Income	**100%**	55,800	63,700	71,700	79,600	86,000	92,400	98,800	105,100

FY 2018 Rents from Housing Tax Credit Program for Polk County

	Efficiency	One-bedroom	Two-bedroom	Three-bedroom	Four-bedroom
30%	418	448	538	681	843
40%	558	597	717	828	924
50%	697	746	896	1,035	1,155
60%	837	896	1,075	1,242	1,386
80%	1,115	1,195	1,433	1,656	1,847

* Maximum rent that may be charged including tenant furnished utilities (see next page for current utility allowances)

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 04/30/2018)

See Public Reporting Statement and Instructions on back

Locality	Unit Type	Date (mm/dd/yyyy)
CIRHA	Apartment/Row House/Semi-Detached	03/01/2018

Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	15	18	21	23	26	29
	b. Bottle Gas	49	59	68	78	87	97
	c. Oil / Electric	21	25	34	43	52	60
	d. Coal / Other	13	15	20	25	31	36
Cooking	a. Natural Gas	2	2	3	4	5	5
	b. Bottle Gas	7	7	9	14	16	17
	c. Oil / Electric	7	8	10	11	13	15
	d. Coal / Other						
Other Electric		22	26	34	42	51	59
Air Conditioning		4	4	7	10	12	15
Water Heating	a. Natural Gas	6	7	10	13	14	16
	b. Bottle Gas	21	23	35	42	47	54
	c. Oil / Electric	16	18	26	33	38	42
	d. Coal / Other						
Water		34	35	44	53	62	70
Sewer		34	35	46	56	66	77
Trash Collection		17	17	17	17	17	17
Range/Microwave		12	12	12	12	12	12
Refrigerator		13	13	13	13	13	13
Other -- specify							

Actual Family Allowances To be used by the family to compute allowance.
Complete below for the actual unit rented.

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	$