Attachment A

Housing Development Program
City of Council Bluffs

1. Goal

The purpose of this grant is to accelerate housing construction in Council Bluffs with a specific target of incentivizing 1,300 new residential units over the next 10 years (2024-2034).

2. Background

Iowa West Foundation (IWF) has invested in housing construction since 1996. During that time, housing has remained a critically important issue for Council Bluffs. This was most recently evidenced by the Imagine Hour community conversations that IWF hosted in 2022. Housing emerged in those conversations as the single most frequently reported need in Council Bluffs.

In light of that community input and declining economic conditions following the 2020 pandemic, Iowa West Foundation has made housing construction a key priority. Building on the 2015 Housing Strategy, staff has broadened the scope and scale to substantially accelerate impact. As part of this, staff began a conversation with the City of Council Bluffs in 2022 to examine large-site opportunities for housing construction, many of which the City of Council Bluffs owns or subsidizes. This initiative is the result of the city's proposal on how to accelerate their efforts.

The program will be used to pay for acquisition, early architectural/engineering costs, infrastructure development, or direct incentives to for-profit and non-profit developers to create housing. At the recommendation of Iowa West Foundation, funds may also be applied to support needed administrative infrastructure to execute the program effectively. As proposed, the program is city-wide with specific priority areas proposed. Those areas include: Dodge Park, First Avenue, River's Edge, and East Manawa. Additionally, the City commits to reinvesting uncommitted dollars generated from the program (for example through lot sales) to extend the program. The City also indicates that it will continue its current housing investment through HOME and other funds as a supplement to these dollars.

3. Activities / Deliverables

A. Identify / prioritize housing investments: In order to make the most effective use of funds, the City will need to cultivate relationships with potential developers as well as prioritize among the different potential investment areas. This should be done with an eye to actively soliciting interest from existing and new developers.

   Additionally, IWF and the city will identify a mutually acceptable external advisor(s) to evaluate which potential investments will be treated with the greatest urgency in order to meet the housing unit goals. In support of this activity, the City commits to:
   - Milestone: City will host minimum of one developer open house annually
   - Deliverable: City will review / update website based on external feedback and will ensure that developers have access to current information about opportunities.

B. Administer Grants / Developer Incentives: The City may provide grants to prospective multi-family and missing middle housing developers as an incentive to assist in the project development. Developers shall submit an application to the Community Development Department. Applications will be taken on a rolling basis.

- Deliverable: The City shall develop a final rubric for evaluating grants / incentives and submit to IWF for approval. The rubric should identify a points-based system that reflects the common partner goals for the project.
    - It may also identify maximum profit in the case of for-profit developers and maximum awards for different types of projects. For example, the City has currently proposed a $2 million / project incentive cap and a $30,000 / unit subsidy cap.
    - It should reflect the proposed timelines for developer accountability:
        - Existing projects – not more than 3 months from award to permit approval / 30 months from award to certificate of occupancy.
        - New projects – not more than 24 months from award to permit approval / 48 months from award to certificate of occupancy.
    - The points should reflect good practice with respect to mixing incomes. For example, projects that concentrate poverty should not rank well compared to those that integrate affordability at a neighborhood scale.
    - We recommend periodically evaluating the selection criteria to ensure continued effectiveness. The City's initial draft criteria is incorporated as Addendum A.

C. Site Acquisition / Preparation: The City may utilize funds to create "site-ready" development areas. This includes infrastructure projects to prepare land for private development. In the event that the City directly utilizes funds, then the City must follow an appropriate bidding process. The process must be designed in a way that does not favor prior successful bidders. The City should use this program to grow the roster of potential bidders.

4. Expected Outcomes / Impact

The specific outcome of this funding is the creation of new residential units in Council Bluffs. The City of Council Bluffs has proposed a target of at least 1,300 units resulting from direct investment from this project. The City's impact will be measured through the following metrics:

- Number of units created
- Average dollar spent per unit created
- Breakdown of income levels served by unit
- Additional tax base created
- Private investment in the community by funded project
- The amount of program income reinvested
- At least one annual developer open house designed to attract new developers
- Up-to-date and easy-to-use information is readily available to developers
- Number of new developers who pull permits

5. Partner Points of Contact
    - Courtney Harter, Community Development Director, City of Council Bluffs
    - Matthew Henkes, Vice President, Iowa West Foundation

6. Period of Performance / Length of commitment

This program is designed as a 10-year program and will extend from 09/01/2023 through 12/31/2033 or until the program is completed, whichever comes first.

7. Progress Reporting

Two types of reporting will be required from the City of Council Bluffs – to reconcile past disbursements and to complete the program.

- Interim reconciliation reports will be triggered by each $1 million in funding disbursed. The City will be responsible for providing an update on the metrics identified under Expected Outcomes. Additionally, the City will provide a financial reconciliation identifying the total subsidy provided per project as well as the amount of IWF funds expended to-date. Each interim report will confirm that IWF funding is not more than 50% of the total project funding.
- At the conclusion of this initiative, the City of Council Bluffs will provide a final report, not to exceed five pages, detailing the outcome, successes, and challenges of the project. Additionally, a full reconciliation of funds expended must be included.

8. Budget/Conditions of Initiative disbursements

The total Iowa West Foundation commitment is $4 million. Based on the information provided by the City of Council Bluffs, the City's $2 million contribution will be expended first. Funds will be made available in tranches of not more than $1 million (without additional review and approval). It is expected that interim reconciliation reports will be submitted and approved prior to disbursement of the next $1 million.

The City of Council Bluffs has proposed a total budget of $10 million. Funding is conditioned on the $2 million commitment from the City. If the remaining $4 million anticipated from other philanthropic sources is determined to be unfeasible, the City must notify IWF immediately.

9. Conditions and exclusions of the Initiative

Funding is conditioned upon the following:

- IWF and the City will identify a mutually acceptable consultant with broad capabilities to advise on the activities and deliverables of this initiative. The City will provide day-to-day management and both parties will have full access to the consultant's work product.
- Developers may not receive incentives if they are not in good standing. The City and IWF must agree to a common definition of good standing, but we anticipate it would not include developers who are underperforming on active agreements or are holding derelict or vacant buildings.
- Development agreements must include provisions to hold developers accountable. These will likely take the form of a buy-back or claw-back provision.
- Funds may not be used for dirt work at the East Manawa site. Funds may support phases of the East Manawa project that do not require additional dirt.
- Consideration must be given to sites not owned by the City. This includes developer-initiated projects.

Please sign and date below to ensure that all parties acknowledge and understand the terms of the agreement.

Brenda Mainwaring, President and CEO Iowa West Foundation	Mayor Matt Walsh City of Council Bluffs
Date	Date

Addendum A

DRAFT CRITERIA FOR PROJECT INCENTIVES

The City may provide grants to prospective multi-family and missing middle housing developers as an incentive to assist in the project development. Developers shall apply to the Community Development Department. Applications will be taken on a rolling basis. *A minimum of 35 points is required to be considered for funding*. Once the minimum points are achieved, the City shall have discretion regarding any funding awards. A maximum per unit grant is $ 30,000 for multi-family and $75,000 for attached single family "missing middle." A total maximum award per project is $2,000,000. Additional City funds may be available via tax rebates and abatements or federal programs. These will be evaluated independently and may impact the total maximum award.

The following criteria will be used to evaluate applications for private development incentives (City will define further):

1. Number of Units Created (15 points): A sliding scale will be used based on the number of units per acre:

Number of Units	Points
30+	15
15 – 29.99	10
5 – 14.99	5
< 4.99	0

   If a Planned Residential Overlay (PR) is created, the maximum number of points shall be awarded.

2. Design (15 points): A sliding scale will be used based on the overall esthetics and materials chosen for the project:

Design Standards	Points
Meets Corridor Overlay Standards or establishes design standards with PR Overlay	15
15% glass on lot frontages and hardy materials only. Mix of textures and materials that complement the neighborhood or corridor. Includes usable balconies.	10
15% glass on lot frontages and hardy materials only. Mix of textures and materials that complement the neighborhood or corridor.	5
< 15% glass on lot frontages.	0

3. Income Targets (10 points): A mix of units available to all income levels including households at or below 80% of the median family income (MFI), missing middle (80% to 120% MFI) and market rate. Priorities will be given to projects in this order:

Income Mix	Points
Mixed Income: general mix of all income types with at 30% of units occupied/sold to households at or below 80% MFI, 30% of units occupied/sold to households between 80% and 120% MFI and the remaining units market rate.	10
Middle Income: general mix of income types with units occupied/sold to households between 80% and 120% MFI.	8
Low and Moderate-Income Only: all units occupied/sold to households at or below 80% of the MFI.	5
Market Rate Only: all units occupied/sold without income restriction.	0

4. Location within Priority Areas (5 points): Projects located within the defined priority areas shall receive 5 points. Projects outside these priority areas shall be awarded 0 points.

5. Other Local/State/Federal Incentives Secured (5 points): Example funding includes tax increment financing, tax abatement, state housing tax credits, historic tax credits, brownfield/grayfield tax credits.