Council Communication

Department: Community Development	Resolution No.: 24 -	City Council: 6-10-2024

Subject/Title

2023 Annual Action Plan for Community Development Block Grant (CDBG) funds and HOME Investment Partnership Program (HOME) funds.

Background/Discussion

Background

In 2023, the City of Council Bluffs and the Iowa West Foundation created the Housing Development Program (HDP) to support the creation of additional housing units. The Program identifies funds being used towards acquisition, early architectural/engineering fees, infrastructure development and incentives for developers to create housing. It will be a city-wide program but with key areas of focus being Dodge Park, First Avenue, River's Edge and East Manawa. A total of $6 million is currently available in the fund to be allocated. This includes $4 million from the Iowa West Foundation and $2 million from the City's American Rescue Plan Act (ARPA) allocation.

Discussion

In February, the application cycle opened with four applications received by March 31, 2024. The City is working with Blair Freeman to review and recommend allocations based on project feasibility, timeline and population served. Of the four applications, two meet the requirements to proceed:

1. 34th & 1st Street Holdings, LLC (Application 2024-03) – Treehouse Phase I. The project requested $2 million as a grant to support the $17.9 million total project budget. Funds would be used for architectural and engineering expenses as well as developer incentives. A total of 90 market-rate rental units will be constructed along the 1st Avenue Corridor. The project is located within the West Broadway Urban Renewal Area and was award tax increment financing (TIF) for Phase I. the incentive is for 15 years on a sliding scale: three (3) years 95% rebate, five (5) years 90% rebate, five (5) years 85% rebate and two (2) years 80% rebate for a total of 15 years. Additionally, the minimum assessment will be delayed to be completed December 31, 2025 and be fully assessed January 1, 2026. No changes to the minimum assessment amount.

   Based on the TIF already provided to the project, Staff recommends a grant award of $1.5 million to support the project. The developer will be required to have permits approved by the City within 90 days of award as required by the program. Payments will be made incrementally during construction. Staff plans to repay this grant to the HDP through the West Broadway Urban Renewal Plan TIF account as an interfund loan. This will allow the City to recapture the amount and reinvest in the HDP.

2. Arch Icon Development Corporation (Application 2024-04) – the Archive. The project requested $375,000 to support the $13.7 million adaptive reuse of the former Federal Building and Post Office located at 8 South 6th Street. The developer wishes to convert the building into 53 new rental apartment buildings of which 16 will be for households at or below 60% MFI, 16 units for households between 80%-120% MFI and the remaining market rate. The project is not located within a target area. The project is located within an Urban Revitalization Area and will be eligible 10 years 100% abatement on the new tax increment created. They also anticipate receiving several federal and state tax credits to support the project including Historic Tax Credits, Brownfield Tax Credits and Housing Tax Credits.

   Staff recommends allocating $375,000 to the Archive project to support the creation of 32 units serving households below 120% MFI. Payments will be made incrementally during construction. Staff plans to repay this grant to the HDP through the Bluffs Center Urban Renewal Plan TIF account as an interfund loan. This will allow the City to recapture the amount and reinvest in the HDP.

Staff Recommendation

Staff recommends approval of the resolution awarding Housing Development Program funds to the following:

1. 34th & 1st Street Holdings, LLC: $1.5 million grant to be paid incrementally during construction to support Phase I of the Treehouse Development.
2. Arch Icon Development Corporation: $375,000 grant to be paid incrementally during construction to support the Archive adaptive reuse project.

Submitted by: Courtney Harter, Director of Community Development