



MEMORANDUM

To: Mayor and City Council Members

CC: Gregg Mandsager, City Administrator

From: Jodi Royal-Goodwin, Housing Administrator

Date: November 2, 2017

RE: Approval of Allocation of Project-Based Vouchers

INTRODUCTION: In order to support the development of quality affordable housing in the community, the Muscatine Municipal Housing Agency (MMHA) issued a Request for Proposals for Project-Based Vouchers (PBV) at the direction of City Council. Two requests are being recommended for allocations of PBV. One new construction project, Oak Park, is recommended for an allocation of 8 PBV contingent upon an award of Low Income Housing Tax Credits (LIHTC) from the Iowa Finance Authority (IFA) in 2018. One acquisition/rehab project on 4th Street is recommended for an allocation of 6 vouchers.

BACKGROUND: The City was approached in 2015 with requests to support the development of affordable housing projects in a manner that would assist developers in obtaining an award of Low Income Housing Tax Credits. It was determined an award of PBV could be considered and would increase the competitiveness of an LIHTC application.

The U.S. Department of Housing and Urban Development authorizes housing authorities administering a tenant-based voucher (rental assistance) program to use up to 20% of the agency's program budget authority (approximately 75 units) to assist specific units, if it is consistent with the agency's Annual and Administrative Plans. Sixteen units are currently contracted for PBV at Fulton Place and 12 allocated to Harrison Lofts.

The MMHA Administrative Plan currently includes a policy allowing MMHA to support up to 25% of the units in a development with PBV, the number of units could be more for projects providing identified supportive services for specific populations. An allocation of nine or more units in any one project triggers Davis-Bacon requirements. Additional PBV must be awarded to a project through a City initiated Request for Proposals.

The 2015 allocation was for new construction units only. The Housing Study identified not only the construction of new units but also improvement of existing housing stock as needed in the community.

As a result, two RFPs, one for new construction and one for acquisition/rehab and one application in each category was received.

Oak Park, LLC submitted a request for 12 vouchers to support their senior (55 and older) project. The developer is proposing the construction of 48 two-bedroom, two-bath units at Blaine and Isett. Staff is working with the developer to address some concerns with the proposal, including rent levels for the proposed voucher units. In addition, due to the administrative burden and compliance risk associated with Davis-Bacon requirements, staff recommends no more than 8 vouchers be awarded to the project, 17 percent of the project. This would reduce the points the developer will receive for the PBV under the LIHTC program, but eliminate a significant City administrative concern.

The acquisition/rehabilitation project was submitted by Muscatine Center for Social Action (MSCA) for a 6 unit property on 4th Street. All six units, including five one-bedrooms and a studio, will target persons that qualify as literally homeless under the HUD definition and qualifies for the exception to the 25% limit on PBV in a single development. Completion of this project will expand the supply of supportive housing for the most in need and with the least resources. Residents in the facility will receive on-going case management to facilitate maximum self-sufficiency.

RECOMMENDATION: It is recommended Council approve an award of 8 PBV to Oak Park, LLC, with the condition that the project fails to receive a 2018 LIHTC award the PBV allocation be cancelled and 6 PBV to MCSA for the acquisition and rehabilitation project on 4th Street.

RESOLUTION NO. _____

A RESOLUTION AWARDING PROJECT-BASED VOUCHERS

WHEREAS, the City of Muscatine has identified the need to expand housing opportunities and supports the development of quality housing units for all residents of the community; and

WHEREAS, the City of Muscatine commissioned a housing study that identified the need for additional housing opportunities of all types and affordability; and

WHEREAS, the City of Muscatine was asked to support applications to the Iowa Finance Authority for Low-Income Housing Tax Credits to fund the development of quality housing in the community; and

WHEREAS, the U.S. Department of Housing and Urban Development authorizes the public housing agencies administering tenant-based rental assistance programs to assist specific units as promulgated in 24 CFR Part 983; and

WHEREAS, the Muscatine Municipal Housing Agency of the City of Muscatine issued a Request for Proposals for project-based vouchers in compliance with the Agency's Administrative and Annual Plans; and

WHEREAS, applications were received for two projects that were determined to support City goals and address the needs of community residents.

NOW THEREFORE, BE IT RESOLVED that the City of Muscatine has:

1. Awarded 8 project-based vouchers to Oak Park, LLC to be used at Oak Park conditioned on the receipt of Low-Income Housing Tax Credits under the Iowa Finance Authority's 2018 allocation process and compliance with all local planning and zoning requirements.

2. Awarded 6 project-based vouchers to Muscatine Center for Social Action (MCSA) to be used at 109 East 4th Street.

PASSED, APPROVED, AND ADOPTED this 2nd day of November, 2017.

**CITY COUNCIL OF THE CITY OF
MUSCATINE, IOWA**

ATTEST:

Diana Broderson, Mayor

Gregg Mandsager, City Clerk

