CITY OF WEST DES MOINES
CITY COUNCIL MEETING COMMUNICATION

ITEM: Upper Story Housing Program (Round 2) – Approval of Recommendations for funding – City Initiated

DATE: January 21, 2020

RESOLUTION: Approval of Recommendations for Funding

FINANCIAL IMPACT: On August 20, 2018, the City Council authorized funding of $1,800,000 to support the Upper Story Housing Program from the Woodland Hills Tax Increment Financing (TIF) district. Applications were received that totaled more than available funds. On December 16, 2019, the Due Diligence Committee reviewed two applications necessitating funds in the amount of $1,800,000 ($75,000 per unit times 24 units). On January 8, 2020, the Finance and Administration City Council Sub-Committee (F&A) supported additional funds of $675,000 from Woodland Hills TIF to fund all units in the applications.

SYNOPSIS: On December 16, 2019, the Due Diligence Committee was convened to review two (2) applications for assistance under the Upper Story Housing Program Round 2. Attached is the scoring criteria used by the committee to evaluate the applications (Exhibit I).

One application is from Junction House 329, LLC (Scott Cutler) for 329 5th Street (with a signed purchased agreement between Junction House 329 LLC and Richard and Andrea Doggett) and the other is from Taxium, LLC (Ryan Wiederstein) for 315 5th Street.

329 5th Street

- New construction with housing units on second and third floor and retail space on first floor
- 16 units total – 16 are affordable (16 @ 61-80% Area Median Income (AMI)
- Upper Story Housing allocation is $1,200,000 ($75,000/unit)

315 5th Street

- New construction with units on second floor and retail space on first floor
- 8 units total – 8 are affordable (2 @ 30% Area Median Income (AMI), 1 @ 31-50% AMI, 1 @ 51-60% AMI and 4 @ 61-80% AMI)
- Upper Story Housing allocation is $600,000 ($75,000/unit)

The following is the average score of each application from the Due Diligence Committee:

Category	Possible Points	329 5th Street	315 5th Street
Owner/Developer Investment Ratio	4	4.0	4.0
Housing Affordability	5	1.0	4.0
Economic Impact	6	6.0	6.0
Impact on Historic WDM Market	5	5.0	5.0
Visual Impact	5	4.7	1.8
Financial History	5	5.0	5.0
Financial Viability	5	4.8	5.0
TOTAL	**35**	**30.5**	**30.8**

On January 8, 2020, the Finance and Administration City Council Subcommittee reviewed the recommendations of the Due Diligence Committee. After a discussion of the item, the Subcommittee voted to approve the recommendations of the Due Diligence Committee to award both applications at full funding requested. F&A's recommendations also included the recommendation of the Due Diligence Committee to have the City Council

authorize applicants to file for a building permits and to be able to begin construction after the permit had been issued.

Upon approval of the awards, staff will notify the applicants of their approval, and begin the process of getting signed Development Agreements with each applicant. The Development Agreements will come back to the City Council for approval at a future date.

OUTSTANDING ISSUES (if any): There are no outstanding issues.

RECOMMENDATION: That the City Council 1) Approve the F&A Subcommittee recommendations for assistance from the Upper Story Housing Program Round 2; 2) Approve the award so recipients may apply for building permits and begin construction upon issuance of those permits; and 3) direct staff to prepare Development Agreements with the program recipients.

Lead Staff Member: Christine Gordon, AICP, Housing Planner

STAFF REVIEWS

Department Director	Clyde Evans, Community and Economic Development Director
Appropriations/Finance	
Legal	
Agenda Acceptance	

PUBLICATION(S) (if applicable)

Published In	N/A	
Date(s) Published	N/A	
Letter sent to surrounding property owners	N/A	

SUBCOMMITTEE REVIEW (if applicable)

Committee	Finance & Administration		
Date Reviewed	January 8, 2020		
Recommendation	Yes ☒	No ☐	Split ☐

Attachments:

Exhibit I - Scoring Form for the Upper Story Housing Program
Exhibit II - Resolution

EXHIBIT I

Upper Story Housing Program Selection Scoring Criteria

Owner/Developer Investment Ratio Point value: _____

- Non-City investment equals 25% - 49% of forgivable loan request: 1 point
- Non-City investment equals 50% - 99% of forgivable loan request: 2 points
- Non-City investment equals 100% - 199% of forgivable loan request: 3 points
- Non-City investment equals 200% or more of forgivable loan request: 4 points

Housing Affordability Point value: _____

- At least one rental unit is created in 1 income category (<30% AMI, 31-50% AMI, 51-60% AMI, 61-80, >80% AMI): 1 point
- At least one rental unit is created in 2 income categories (<30% AMI, 31-50% AMI, 51-60% AMI, 61-80, >80% AMI): 2 points
- At least one rental unit is created in 3 income categories (<30% AMI, 31-50% AMI, 51-60% AMI, 61-80, >80% AMI): 3 points
- At least one rental unit is created in 4 income categories (<30% AMI, 31-50% AMI, 51-60% AMI, 61-80, >80% AMI): 4 points
- At least one rental unit is created in each of the 5 income categories (<30% AMI, 31-50% AMI, 51-60% AMI, 61-80, >80% AMI): 5 points

Economic Impact Point value: _____

Total value of improvements

- $20,000 or less: 1 point
- $20,001 – $50,000: 2 points
- $50,001 – $100,000: 3 points
- $100,001 - $250,000: 4 points
- $250,001 - $500,000: 5 points
- > $500,001: 6 points

Impact on Historic West Des Moines Market Point value: _____

Needs identified according to Valley Junction Market Analysis or Historic West Des Moines Master Plan
Up to 5 points awarded

Visual Impact Point value: _____

Up to 5 points awarded

Financial History Point value: _____

- Positive net income 1 of last 3 years: 1 point
- Positive net income 2 of last 3 years: 3 points
- Positive net income each of the last 3 years: 5 points

Point value: _____

Financial Viability

Up to 5 points awarded Point value: _____

Total Points Awarded **Point Value: _____/35 points**

RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST DES MOINES, IOWA APPROVING FUNDING AFFORDABLE HOUSING GRANTS UNDER THE UPPER STORY HOUSING PROGRAM (ROUND 2) FROM THE WOODLAND HILLS TAX INCREMENT FINANCING (TIF) DISTRICT FOR REDEVELOPMENT IN VALLEY JUNCTION

WHEREAS, the City Council of the City of West Des Moines, Iowa wishes to promote affordable housing within the City of West Des Moines; and

WHEREAS, the continued quality growth of mixed use within the City aids in the creation of affordable housing; creates an increase in tax base; and the general economic well-being of the City; and

WHEREAS, the City Council has the opportunity to influence the location and/or expansion decision of the owners of property in the Valley Junction area of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WEST DES MOINES DOES ENACT THE FOLLOWING AFFORDABLE HOUSING INCENTIVE POLICY FOR THE UPPER STORY HOUSING PROGRAM:

That the City Council: 1) Approves the F&A Subcommittee recommendations for assistance from the Upper Story Housing Program Round 2; 2) Approves the award so recipients may apply for building permits and begin construction upon issuance of those permits; and 3) Directs staff to prepare Development Agreements with the program recipients.

The City of West Des Moines City Council may, at its sole discretion, offer the following incentive to those developers wishing to provide affordable housing in Valley Junction in the City of West Des Moines. The City Council is in no way obligated to offer this incentive to any property owner or developer that meets the criteria and requirements of the Upper Story Housing Program.

The following applications are approved for funding in the amounts listed from the Upper Story Housing Program Round 2:

Junction House 329 LLC – 329 5th Street		$1,200,000
Ryan Wiederstein – 315 5th Street		$600,000
	Total	$1,800,000

Funding of applications is dependent upon approval of a Development Agreements between the City, the property owners, and the developer guaranteeing the affordable housing units are created and retained and submission of documentation of work once completed.

Passed and approved by the City Council on the 21st day of January, 2020

_____
Steven K. Gaer, Mayor

ATTEST:

_____
Ryan T. Jacobson, City Clerk

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