



**MEMO**

**TO:** Steve Boka, Director of Planning, Zoning and Building Safety

**FROM:** Jim Rudisill, Planning & Community Development Coordinator

**SUBJECT:** Muscatine Housing Cluster LHTF Grant Application

**DATE:** August 12, 2010

The recently formed Muscatine Housing Cluster is accepting grant applications until 5 p.m. August 12, 2009. A completed application (see attached) was submitted to the cluster this afternoon, seeking \$7000 in funding assistance for the Muscatine Housing Rehab Program.

Although the rehab program is primarily financed through a \$264,162 Community Development Block Grant (CDBG) award, additional funding would be helpful. The LHTF revenue could be used for projects that exceed the maximum \$37,500 allowed under the CDBG program; and to cover expenses that might not be allowed under the primary program.

Funding awards are expected to be announced in November. This will not require any match of city funds. The \$7800 identified as City of Muscatine funds in the proposed budget is funding previously committed under the 2009 CDBG grant award. Those funds come from budgeted salary expenditures.

**MUSCATINE LOCAL HOUSING TRUST FUND  
CLUSTER MEMBERSHIP  
GRANT PRE-APPLICATION  
2011**

**Applicant Information**

**1. Legal Name and Address of Applicant:**

<u>CITY OF MUSCATINE</u>			
Name			
<u>215 SYCAMORE</u>	<u>MUSCATINE</u>	<u>IA</u>	<u>52761</u>
Address	City	State	Zip Code
<u>JIM RUDISILL</u>	<u>PLNG/CD COORDINATOR</u>	<u>563-264-1554 (EXT. 134)</u>	<u>563-264-0750</u>
Contact Person	Title	Phone No.	Fax No.

Federal Employer Tax Identification Number: 42-6005008

**2. Type of Grant Applying for:**

- X        Emergency Home Repairs: Owner-Occupied Only - Awards can be for items that are an emergency or health and safety violation under Housing Quality Standards (HQS)
- Minimum grant is \$500 with a maximum grant of \$3,000 per household
- First-Time Homebuyers Down Payment Closing Cost Assistance Program, Awards will be made to income eligible first-time homebuyers who successfully complete a HUD-certified counseling program.
- \$ 1,000 each new first-time home buyer
- Housing Agency Program Grant & Capacity Building – Awards will support the operations or staff at a not-for-profit housing service provider.
- Minimum grant is \$2,000 with a maximum per agency grant of \$10,000
  - Leverage for this grant is one agency dollar for every one dollar requested

**3. Description of Project/Program.** Give a brief description of the proposed program or project

The City of Muscatine proposes to leverage Muscatine Local Housing Trust Fund (LHTF) grant resources with existing Community Development Block Grant (CDBG) funds to assure complete rehabilitation of owner-occupied housing within a targeted area of Muscatine. Existing CDBG regulations limit the amount of funding available through that program to \$37,500 per residence. In some cases that is not sufficient to complete all the needed repairs. An LHTF award will be used to cover remaining expenses.

**4. Proposed Locations of program or project(s):**

  X          City of Muscatine  
             City of West Liberty  
             City of Wilton  
             Rural County of Muscatine  
             Other

**5. Housing Activity.** Describe the type of housing, activity, number of units affected, and identify the income level to be served (i.e. 30%, 50%, and 80% of the median income).

Type of Housing	Housing Activity	Number of Families Served	Income Level
Owner Occupied Single Family Dwelling	Home Repair	7	Below 80 median income
Single Family Dwelling	Down Payment Assistance	NA	Below 30 median income
Single Family Homes	Counseling / Education	NA	Below 30 median income

**6. Description and history of organization:**

History and background information should include: date established, dates of major projects, milestones in organization, capacity and resource development. List projects and significant programs.

The City of Muscatine has conducted housing rehabilitation and similar assistance programs for nearly 50 years. The city's involvement with administration of CDBG awards dates back to the start of that program. From 1978 to 1994, over \$12 million in funding assistance was administered by the city's community development department for housing rehab and other revitalization work,

During this time, 218 single-family homes received assistance. Throughout the mid-1990s, the department also administered a \$1.4 million grant to build 15 single-family residences at scattered infill sites throughout the community.

Muscatine has received four Housing Fund grants since 2000. All of this funding comes from the CDBG program administered by the Iowa Department of Economic Development (IDED) The 2000 grant award of \$315,000 helped rehabilitate 12 homes in the city's Tree of Hope and Midtown H.E.A.R.T. neighborhoods. In 2003 the city received a \$392,862 award to continue working in those neighborhoods and two other adjoining neighborhoods. Eleven homes were rehabilitated in that project, which was completed in November 2005. A 2006 Housing Fund award of \$415,788 was used by the city to rehabilitate 12 properties in the Riverbend Neighborhood. The completion date for the 2006 program was August 30, 2008.

In 2009, the city received its fourth Housing Fund award of \$264,162. This funding will be used to rehabilitate a minimum of seven properties. The target area for the 2009 rehab program includes the 2006 area, plus an additional area of Hershey Avenue, Green Street, George Street, Evans, Mill and a neighborhood between Taylor and Green Streets.

**7. List the names and other relevant information of the individuals primarily responsible for the development and/or operation of this project.**

Provide a brief description of educational, technical and housing development management experience/background as it relates to your/their ability to successfully carry out this proposed housing project. If corporate members have related experience, please describe their credentials.

<u>Name</u>	<u>Position</u>	<u>Date Started with Organization</u>
Jim Rudisill	Plng/CD Coordinator	1999 – Managed all CDBG-funded housing rehab activities since May 2000.

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<u>Name</u>	<u>Position</u>	<u>Date Started with Organization</u>
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<u>Name</u>	<u>Position</u>	<u>Date Started with Organization</u>
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<u>Name</u>	<u>Position</u>	<u>Date Started with Organization</u>
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**PROJECT INFORMATION**

**8. Project Description:** Give a more detailed description of the project

Describe all elements of the proposed project. Give estimated project time schedule, project location and evidence of the financial feasibility of the project.

The City of Muscatine was awarded a \$264,262 Community Development Block Grant (CDBG) in 2009 to rehabilitate a minimum of seven homes in a targeted area around Hershey Avenue. The 2009 program was a continuation of a similar rehab program conducted in the same general area between 2006 and 2008.

The intent of the CDBG Housing Rehab Program is to upgrade the condition of owner-occupied housing to make it "safe, decent and sanitary." Under the CDBG program, each property can be awarded up to \$24,999 for rehabilitation work. Other funding is available to conduct interim control of lead-based paint. A maximum of \$37,500 can be spent on each property. That amount includes all rehab, lead-based paint, administrative and other costs,

Despite this level of funding, not all of the necessary work can be completed on some of the properties within the \$37,500 limit. In those cases, either some work must be deleted; or the owner must cover the cost overrun. All the property owners must be at or below 80% of the median income limit; and in most cases, they are significantly below that threshold. The LHTF revenue would be used to supplement and leverage the CDBG assistance; and cover costs not covered by that funding.

The current two-year CDBG contract runs until June 2011. One property has already been completed and another is in progress. A contract for a third property will be signed on August 13, 2010 and two other properties are currently being processed in the first steps towards actual work.

**9. Housing Unit Impacted:**

## Types of Housing Units

## Number of Units per Income Category

Owner-Occupied Housing (income levels are based on previously submitted applications)

30% LMI	50% LMI	80% LMI	Above 80% LMI
3	4		

### 10. Has any portion of the program / project been started?

☐ No  
☒ Yes (If "Yes", please describe)

Muscatine's 2009 CDBG Housing Rehab started in June 2009. Initial work included development of an environmental record and screening and ranking of pre-applications. As a property comes to the top of the list, the property is inspected, work specifications are developed and bids received. Once all the work is satisfactorily completed, the project is closed out. The owner must then remain in the house for five years or repay a portion of the grant/forgivable loan. The entire process, with the exception of the five-year period, has been completed on one of the seven projects.

## **SOURCE AND USE OF FUNDS**

### 11. Budget

Please submit a budget including estimates for all costs and other sources of income for the program / project(s) that you applied for. **SEE ATTACHED**

July 6, 2009

The Honorable Richard O'Brien, Mayor  
City of Muscatine  
City Hall - 215 Sycamore St.  
Muscatine, IA 52761

SUBJECT: Contract Number 09-HSG-068

Dear Mayor O'Brien:

I am pleased to inform you that the Iowa Department of Economic Development (IDED) intends to award Muscatine a grant in an amount not to exceed \$264,162. This award is from the Community Development Block Grant Housing Fund for rehabilitate seven single-family owner-occupied units.

You may look forward to receiving contract documents for your review and signing in the near future. Your contract will have an effective date of June 24, 2009. You may incur costs for general administration and for the environmental review process since these are exempt activities under your award. However, you may not expend project funds (local or CDBG) until the State has approved your Request for Release of Funds (RROF) and has actually released funds for your activity. If you have any questions, please contact your project manager, Terry Vestal at (515) 725-3067 or [terry.vestal@iowalifechanging.com](mailto:terry.vestal@iowalifechanging.com).

Congratulations on receiving housing funds. IDED looks forward to working with you to expand the supply of decent and affordable housing for low-income Iowans.

Sincerely,



Vincent C. Lintz  
Deputy Director

VCL/cz

cc: Jim Rudisill, City of Muscatine - Community Development Dept.  
Project Manager (TV)  
File

## **12. Justification for Funding.**

Provide a justification for the need for funding, gap in funding. Include letters from other participating funding sources documenting their commitment to the program / project.

Although the city received a substantial amount of funding through the Community Development Block Grant, that award is limited by federal guidelines. Under those rules, the maximum amount of funding available is \$24,999. Some funding is available to interim controls for lead-based paint, administrative expenses and other costs. The maximum that can be spent on any one property is \$37,500. If the rehab costs exceed this threshold, the owner must either provide the difference or the project scope must be reduced. Under either option, the property owner - who will definitely be at or below 80% of the median income and most likely even lower – often cannot afford to pay the extra cost. That means the project scope is reduced, which could lead to a substantial reduction in the project's overall property improvement objective.

## **ASSURANCES**

All information in this application and the attached narratives are true and complete to the best of my/our knowledge.

**If Applicant is a Corporation:**

CITY OF MUSCATINE, IOWA

Name of Applicant

**Applicant's Responsible Official Signature**

Typed Name of Applicant Official

## SUBMITTAL CHECKLIST

**In order to assist you in submitting your application, please use the following checklist. The items listed below must be included in your application packet.**

  X   A completed signed application.

  X   Budget for project or projects



Agency Name		CITY OF MUSCATINE					
Is this the initial budget for this project.		NO					
Directions: Provide the following information to show how the grants funds will be expended.							
<b>Budget for LHTF Funded Project</b>							
Do not enter information in grey shaded cells or cells with formulas (\$ signs entered already).							
Project Budget		LHTF Grant Funds	Other Funds	In-Kind Sources	Total	Using the budget enter the information below. This will identify the partners in the project.	
						Detail of Other Funds (List funding sources from columns D and E)	
						Amount	
Salaries and Benefits					\$ -	Community Devel Block Grant (CDBG)	\$ 264,162.00
Travel					\$ -	City of Muscatine	\$ 7,800.00
Equipment					\$ -		
Supplies					\$ -		
Contractual					\$ -		
List Other Costs below:							
Other Costs	Direct Admin (all above)	\$ 500.00	\$ 26,600.00		\$ 27,100.00		
	Gen. Admin (all above)	\$ 500.00	\$ 21,300.00		\$ 21,800.00	Total	\$ 271,962.00
	Rehabilitation	\$ 6,000.00	\$ 224,062.00		\$ 230,062.00	LHTF Grant Funds Total from Budget	\$ 7,000.00
					\$ -	Total From Budget	\$ 278,962.00
Total		\$ 7,000.00	\$ 271,962.00	\$ -	\$ 278,962.00	Amounts should equal (this should be 0) \$ -	
LHTF Grant Funds		\$ 7,000.00		Please provide any explanation or clarification below:			
Total Project Budget		\$ 278,962.00					
% LHTF Funds are of the total project		2.51%					