



COMMUNITY DEVELOPMENT  
(712) 890-5350

## CITY OF COUNCIL BLUFFS COMMUNITY PROJECT FUNDING APPLICATION

**1. Email address**

[mwalsh@councilbluffs-ia.gov](mailto:mwalsh@councilbluffs-ia.gov)

**2. Name and address**

Matthew J. Walsh, Mayor  
209 Pearl, Council Bluffs, Iowa 51503

**3. Name of requesting entity**

City of Council Bluffs, Iowa

**4. Location of entity**

IA-03

**5. If outside IA-03 Explain or put NA**

N/A

**6. First and last name of point of contact for organization**

Courtney Harter

**7. POC Phone Number**

712-890-5354

**8. Eligibility of requesting entity**

State, local or tribal government

**9. Project Description (500 Word Max)**

The City of Council Bluffs wishes to expand its affordable housing pool through the funding of the South End Housing Development Program. The Program will look at the need for housing not just on a site-by-site basis, but as a whole neighborhood to make a greater impact. In order to meet this goal, the City has identified two key infrastructure projects within the South End neighborhood that will facilitate the construction of more than 100 single-family and multi-family housing units. The City requests \$1,380,836.75 to complete these projects and estimates the investment will create an additional \$40 million in new tax base for Council Bluffs.

Project 1. 21<sup>st</sup> Avenue and South Expressway: The City proposes completion of an infrastructure project to create a site-ready development on city-owned property. The site will accommodate the construction of a 75-100 unit multi-family development with an affordability requirement. At least 51% of the units constructed must be rented or sold to households at or below 80% of the median family income. The project will require the acquisition of one single-family home

(522 22<sup>nd</sup> Avenue); reconstruction of 21<sup>st</sup> Avenue to city standards; and site restoration including bring in 20,000 cubic yards of fill dirt to raise the site three feet. Upon completion, the City will advertise an RFP for a private developer to construct an affordable housing project.

Project 2. South 19<sup>th</sup> Street: The City proposes the extension of South 19<sup>th</sup> Street from 25<sup>th</sup> Avenue to 26<sup>th</sup> Avenue. This project will open an adjacent parcel of land that will be developed by NeighborWorks Home Solutions, a nonprofit partner, with at least a 29-unit single-family housing development that will include market rate and affordable units.

**10. Name of the Project/Program to be funded**

The South End Housing Development Program

**11. Physical location**

Project 1. Generally located from 21<sup>st</sup> Avenue to 23<sup>rd</sup> Avenue and South Expressway

Project 2. Generally located along South 19<sup>th</sup> Street from 25<sup>th</sup> to 26<sup>th</sup> Avenue

**12. Explanation of the Project/Program and Justification for the Use of Taxpayer Funds**

The primary goals of the South End Housing Development Program are (1) creation of new affordable housing and (2) increase tax base for Council Bluffs resiliency. The two infrastructure projects within the Program will create between 104 and 129 new housing units and an estimated \$40 million in new tax base on two vacant properties that are generating less than \$1,000 in taxes. An investment of \$1.3 million from this grant will exponentially benefit Council Bluffs and Iowa.

**13. Amount Requested for Project**

\$1,380,836.75

**14. Detailed breakdown of how the requested funds would be spent.**

The Program requests funding to complete infrastructure improvements related to two projects within the South End. Improvements will focus on acquisition, site restoration and extension of streets and public utilities.

Project 1. The estimated total cost for this project is \$904,336.43. Funds will be used for the following activities:

- a. Acquisition and demolition of one single-family unit (522 22<sup>nd</sup> Avenue): This will allow the site to be squared up for better redevelopment. Estimated cost is \$250,000.00.
- b. Reconstruction of 21<sup>st</sup> Avenue: 21<sup>st</sup> Avenue is currently an unimproved city-owned street. Reconstruction will bring the road to current city standards. Estimated cost is \$249,261.43.
- c. Fill dirt: The site needs raised approximately 3 feet to accommodate redevelopment. The City wishes to bring in approximately 20,000 CY of fill dirt and top soil and remove existing trees for total site preparation. Estimated cost is \$405,174.00.
- d. Re-route Existing Trail: Squaring up the site will create a more efficient development. Cost unknown.

- Project 2. The estimated total cost of this project is \$476,401.22. Funds will be used for the following activities:
- a. Road Extension and Improvement of South 19<sup>th</sup> Street from 25<sup>th</sup> to 26<sup>th</sup> Avenues: Full construction of the extension is required. This includes pavement extension and reconstruction of two intersections. Stormwater must also be extended. Sanitary sewer is already in place. Estimated cost is \$404,833.22.
  - b. Water Main Extension: Water must be extended from 25<sup>th</sup> to 26<sup>th</sup> Avenue to create the needed loop for system flow. Estimated cost is \$71,568.

Full detailed cost breakdown by project has been uploaded for review.

**15. How many jobs will this project create?**

This is a housing project. Zero jobs will be created.

**16. Detailed breakdown of the total cost of the project or program that includes all prior funding sources (public/private) and any amounts that remain unfunded?**

- Project 1. The estimated project cost for the 21<sup>st</sup> Avenue development is \$904,336.43. Prior funding sources were used for acquisition and demolition of existing houses through the Neighborhood Stabilization Program in 2011 and the City’s Community Development Block Grant (CDBG) entitlement allocation. These funds have been fully expended. The requested amount represents the gap in funding.

No private funds have been awarded to this project. Additional CDBG funds will be allocated for infrastructure as needed to supplement any EDI funds awarded.

In 2011, the City utilized CDBG and Neighborhood Stabilization to acquire the properties on this block after many were in foreclosure due to the Great Recession. To date the City has spent:

CDBG:	\$279,217
NSP:	\$225,000
City (GO):	\$238,205
TOTAL:	\$742,422

If a partial award is made by this grant, the City will supplement the budget with CDBG funds to ensure completion. As an entitlement community, Council Bluffs is awarded approximately \$975,000 in CDBG funds annually. HOME Investment Partnership Program (HOME) funds may also be available to the selected developer to further assist the project. The City is part of the Omaha-Council Bluffs HOME Consortium, which provides approximately \$200,000 HOME funds annually to Council Bluffs. Utilization of these funding sources will further delay progress of the site.

- Project 2. The estimated project cost for South 19<sup>th</sup> Street infrastructure connection is \$404,833.22. This project will allow the construction of new development that includes at least 29 single-family housing units. The expected total investment is \$9.78 million. NeighborWorks Home Solutions, the developer, is currently securing the funding for the site development through philanthropic donations. This will be a mix of cash and discounts on building materials.

The City previously programmed general obligation (GO) funds in the capital improvement program (CIP) and CDBG funds to this site. Unfortunately, due to long delays, these funds had to be reprogrammed. No additional funds are available at this time due to budget constraints. The requested amount represents the gap in funding.

In 2015, NeighborWorks Home Solutions began working with the City to continue its efforts along South 19<sup>th</sup> Street to further the construction of affordable housing. Previously, the City utilized CDBG funds to reconstruct South 19<sup>th</sup> Street from 23<sup>rd</sup> Avenue to 24<sup>th</sup> Avenue to construct 17 new single-family units.

Previous South 19<sup>th</sup> Street Funding:

CDBG (FY15):	\$ 750,000
City (FY15):	\$1,500,000
TOTAL:	\$2,250,000

The proposed extension from 25<sup>th</sup> Avenue to 26<sup>th</sup> Avenue has also been programmed for City participation. Unfortunately, construction costs continue to increase resulting in delays. These delays meant City funds had to be reprogrammed to meet timeliness of CDBG and GO requirements.

Reprogrammed Funding from Delays:

CDBG (FY19):	\$400,000
City (FY19):	\$100,000
City (FY20):	\$150,000
TOTAL:	\$650,000

Should EDI funds be awarded to this project, the City may be able to provide assistance for the internal infrastructure of the site ensuring the construction of the subdivision. This would be provided through CDBG and GO bonding.

**17. Total amount of federal funds previously awarded to this project or program?**

Provided in Question 6.

**18. Detailed timeline and anticipated completion date for the project or program.**

The City plans to follow one timeline for both sites:

Application Submittal:	April 2021
Environmental Review Completion:	August 2021
Funds Available:	October 2021
Finalize Specifications:	February 2021
Bid Letting:	March 2022
Council Contract Approval:	April 2022
Construction Begins:	May 2022
Construction Completion:	September 2022

**19. Detailed description of the project or program to be funded including data and or evidence that demonstrates the public benefit.**

The need for all types of affordable housing in the Third Congressional District is a significant issue. According to the Iowa Association of Realtors, the median sales price increased 15.2% from February 2020 to February 2021 alone while the available inventory drop 20.2%. This has created a crisis for affordable housing in the District, particularly in Council Bluffs, which is part of the Omaha Metropolitan Area.

The “Comprehensive Housing Market Analysis: Omaha-Council Bluffs” completed in 2017 by the US Department of Housing and Urban Development (HUD) found that nearly 15,000 units will be needed metro-wide in the next three years to meet the demand for the market. With only an average of 2,000 units constructed each year, the need for housing continues to be a high demand for housing.

The University of Nebraska at Omaha (UNO) recently published a research article stating the average price of single-family homes in the metro rose by over 10% in 2020. This is a substantial increase compared to the year over year increase in the past two decades, which averaged 2.9% previously. While this recent increase is lower than the District percentage, the low-to-moderate income (LMI) population for Pottawattamie County is 45.03%, the 2<sup>nd</sup> highest in the District, and significantly higher than the District average of 39.79%. The LMI percentage for Council Bluffs is higher yet at 53.13%.

In 2020, the Iowa Finance Authority (IFA) published the “2020 Iowa Profile (Council Bluffs).” This study outlined housing cost burden for both owner and renters. Housing cost burden is defined as a gross housing cost of 30-50% of gross household income and a severe housing cost burden is gross housing costs that exceed 50% of the gross household income. In Council Bluffs, 15.1% of households had a cost burden and 11.9% had a severe cost burden.

The demand for owner-occupied units has created a market crisis in Council Bluffs. According to HUD, the maximum affordable sales price for the city is \$170,000. Currently the owner-occupied market has vacancy rate of 1.0% with only 35 houses for sale under \$170,000 and 57 houses for sale in any price point in the city. The competitive market has driven pricing of what was considered affordable only a year ago out of the budget for many LMI households. New home construction costs now average \$275,890 in the City with only a small number of affordable units constructed each year.

The rental market has maintained some resiliency but the increased housing demand has strained this market as well with a shortage of 3,000 units (HUD market analysis). However, renters are more likely to experience a housing cost burden. The average rent in Council Bluffs is \$917. The IFA study found 20.5% of renters were cost burdened, and 20.9% were severely cost burdened. Construction of affordable units typically require a greater financial incentive to the project. This includes HOME funds and low income housing tax credits (LIHTC). Unfortunately, Council Bluffs LIHTC projects have struggled to receive awards which has limited the number of new affordable developments. In the last 10 years, Council Bluffs has only received three LIHTC awards to two different housing developments. Of these, only one project was construction of new affordable multi-family units (the other was a rehab of existing units).

The City believes the South End Housing Development Program will begin to fill the gap in both affordable owner-occupied and rental housing need. Each site within the program will provide new housing options for the residents of Council Bluffs. The addition of 129 units will give momentum to the neighborhood and spur new potential investment. The City hopes this is just a starting point to continue its revitalization efforts and meet the housing needs of residents.

**20. Once completed, will the project or program require continued funding to maintain operation?**

No continued funding is needed to maintain operation.

**21. List any public or private entities that have been identified as project sponsors in prior finding requests and/or that will help determine how the requested funds will be spent.**

The City is the sole entity that will determine how funding will be spent. The Housing and Economic Development Division within the Community Development Department will manage the Program.

**22. Are there any known or anticipated community concerns associated with this project or program (e.g. conflict with land use, neighborhood concerns, etc.) that could prevent it from moving forward?**

The two proposed projects within the South End Housing Development Program are consistent with all City land use plans. No neighborhood representatives have voiced concerns to either project.

**23. Please list additional stakeholders in the community who support the proposed project/program**

The following list of stakeholders have provided letters in support of this project:

- Community Development Advisory Committee
- Council Bluffs Planning Commission
- Council Bluffs Chamber of Commerce
- Council Bluffs Community School District
- Iowa West Foundation
- Human Services Advisory Council
- Metropolitan-Area Planning Agency (MAPA)
- Habitat for Humanity
- Family Housing Advisory Services
- MICAH House
- New Visions Homeless Services

**24. Are you aware of another Member making a request for this same project? If so, which Member? If not, please enter "None" below**

None