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Pgs. 7
Filed: 08-16-16

Sponsored by: Schilling

COUNCIL BILL NO. 2016- 193 RESOLUTION NO. _____

A RESOLUTION

1 ENDORSING the use of \$700,000 in Commercial Loan Program funds for the
2 renovation of the YMCA Building at 417 South Jefferson into affordable
3 housing to serve youth aging out of foster care; with repayment of 50
4 percent of those funds deferred for 20 years; and subject to the Rules
5 and Regulations for the Commercial Loan Program. (Staff and Loan
6 Committee recommend approval.)
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9 WHEREAS, the City's Commercial Loan Program was established in 1984; and,
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11 WHEREAS, said Commercial Loan Program is funded through the Federal
12 Community Development Block Grant (CDBG) program and loan repayments; and
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14 WHEREAS, City staff administers this program according to the Rules and
15 Regulations for the Commercial Loan Program; and,
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17 WHEREAS, in addition to the Commercial Loan Program, the City operates a
18 Comprehensive Housing Assistance Program, a program funded by CDBG and Home
19 Investment Partnerships Act (HOME) funds and program income; and,
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21 WHEREAS, housing projects are typically funded through the Comprehensive
22 Housing Assistance Program; and,
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24 WHEREAS, HOME funds are typically subject to 50 percent of the loan deferred
25 for 15 or 20 years with the remainder amortized; and,
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27 WHEREAS, the Area Median Income (AMI) is the dollar amount where half the
28 population earns less and half earns more; and,
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30 WHEREAS, in Springfield, the Area Median Income for a family of four in 2015
31 was \$55,900; and,
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33 WHEREAS, the eligibility for affordable housing is based on a family's income
34 being less than the designated percentage of AMI; and,
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36 WHEREAS, the Y Lofts proposes to repurpose the YMCA in downtown
37 Springfield into 48 housing units to provide space for existing Y programs including
38 health/fitness, childcare, and nutrition programs (see "Exhibit A"); and,
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40 WHEREAS, the YMCA Building is a significant structure in downtown Springfield,
41 located at 417 South Jefferson; and,
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43 WHEREAS, 70 percent of the units will be affordable-housing units for 50 to 60
44 percent AMI households, 20 percent of the units will be available to households at up to
45 80 percent AMI, and 10 percent of the units will be traditional, market-rate apartments;
46 and,
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48 WHEREAS, this \$12.9 million project will require a number of funding sources;
49 and,
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51 WHEREAS, the City lacks adequate HOME funds for the \$700,000 loan, which
52 funds are attractive due to the 50 percent loan-repayment deferment; and,
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54 WHEREAS, the Commercial Loan Program funds are not typically used for
55 housing projects, but housing projects that primarily benefit low-to-moderate income
56 persons are an eligible use of such funds; and,
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58 WHEREAS, although the loan committee has authority to modify loan terms, staff
59 is seeking City Council's approval of modification to the typical loan terms — i.e., defer
60 payments on 50 percent of the \$700,000 loan — because of the benefits to low-to-
61 moderate income persons and youth aging out of foster care; and,
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63 WHEREAS, this project will provide affordable, quality, and energy-efficient
64 housing in the downtown area.
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66 NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
67 OF SPRINGFIELD, MISSOURI, as follows, that:
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69 Section 1 - The City Council hereby approves the use of \$700,000 in
70 Commercial Loan Program funds for the renovation of the YMCA Building into
71 affordable-housing rental units with repayment of 50 percent of those funds deferred for
72 20 years, subject to the Rules and Regulations of the Commercial Loan Program.
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74 Section 2 – This resolution shall be in full force and effect from and after
75 passage.
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77 Passed at meeting: _____
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Mayor

Attest: _____, City Clerk

Filed as Resolution _____

Approved as to form: *A. Charles T. Wadew*, Assistant City Attorney

Approved for Council action: *Greg Burt*, City Manager

EXPLANATION TO COUNCIL BILL NO: 2016- 193

FILED: 08-16-16

ORIGINATING DEPARTMENT: Planning and Development Department

PURPOSE: To approve the use of \$700,000 in Commercial Loan Program funds for the renovation of the YMCA Building into affordable housing to serve youth aging out of foster care; with repayment of 50 percent of those funds deferred for 20 years; and subject to the Rules and Regulations for the Commercial Loan Program. (Staff and Loan Committee recommend approval.)

BACKGROUND INFORMATION: The City's Commercial Loan Program was established in 1984. It is funded through the Federal Community Development Block Grant (CDBG) program and loan repayments. The City has made over \$30 million in loans for the Commercial Loan Program since its inception. The program generates approximately \$1 million in annual revolving loan fund income. City staff administers this program according to the Rules and Regulations for the Commercial Loan Program "Rules," adopted by Special Ordinance No. 26604. The Rules state the interest rate will be based off Prime and adjusted annually, currently the rate is 2.75 percent. The Rules also state that the Loan Committee has discretion to negotiate terms of a loan, which may include deferment of loan amounts for definite time periods.

In addition to the Commercial Loan Program, the City operates a Comprehensive Housing Assistance Program. This program is funded by CDBG and HOME funds, as well as program income. Typically, housing projects are funded through the Comprehensive Housing Assistance Program. Loan terms vary in this program. The HOME funds are typically subject to 50 percent of the loan being deferred for 15 or 20 years, with the remainder amortized.

Area Median Income (AMI) is the dollar amount where half the population earns less and half earns more. In Springfield, the Area Median Income for a family of four in 2015 is \$55,900. The eligibility for affordable housing is based on a family's income being less than a designated percentage of AMI.

REMARKS: The Y Lofts proposes to repurpose the YMCA in downtown Springfield into 48 housing units. They are providing space for existing Y programs including health/fitness, childcare and nutrition programs. The YMCA Building is a significant structure in downtown Springfield, located at 417 South Jefferson. The housing units include 48 new apartments. 70 percent of the units will be affordable housing units for 50-60 percent AMI households, 20% of the units will be available to households at up to 80 percent AMI and 10 percent of units will be traditional market rate apartments.

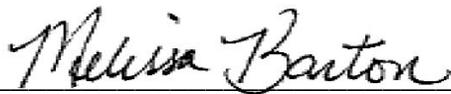
This \$12.9 million project will require a number of funding sources. The City does not

have adequate HOME funds available for the requested \$700,000. The HOME funds are particularly attractive due to the 50 percent loan repayment deferment. The Commercial Loan Program is not typically used for housing projects; however, housing projects that primarily benefit low-to-moderate income persons are an eligible use of those funds.

Although the loan committee has the authority to modify loan terms, staff is seeking City Council's approval of modification to the typical loan terms (defer payments on 50 percent of the \$700,000 loan) because of the benefits to low-to-moderate income persons and youth aging out of foster care. Staff supports the request because this project will provide affordable, quality, and energy efficient housing in the downtown area. The Y Lofts proposal is attached as "Exhibit A."

This ordinance supports the following Field Guide 2030 goal(s): Chapter 7, Housing; Major Goal 7; Pursue and expand assistance programs for residents to obtain and maintain housing that is affordable; Objective 7c, Expand usage of CDBG, HOME, low-income housing tax credits, and other programs to facilitate projects that build, buy, or rehabilitate affordable housing for rent or home ownership; and Objective 7d, Expand use and availability of transitional housing options (i.e., homeless to subsidized, subsidized to market-rate, etc.). Chapter 3, Economic Development; Major Goal 7, Continue the development and revitalization of center city Springfield; Objective 7a, Continue the use of incentives such as low-interest loans and property tax abatement to advance the revitalization of center city.

Submitted by:



Melissa Barton, Commercial Loan Officer

Recommended by:



Mary Lilly Smith, Director of Planning

Approved by:



Greg Burris, City Manager

Y Lofts Springfield Proposal

Affordable Housing to Serve Youth Aging Out of Foster Care



Executive Summary

To repurpose the under-utilized Ward YMCA in downtown Springfield to incorporate 48 units of quality, energy efficient, affordable housing together with preserving space for existing Y programming including health/ fitness, childcare, and nutrition programs. The housing would be a mix of market rate units with affordable units for persons earning 50-60% AMI. In response to city input, we hope to include some 80% workforce units as being greatly needed in the marketplace as well as a good opportunity for mentoring within the special needs units. The location of the Y makes it uniquely appropriate to provide housing for youth aging out of foster care based on its proximity to many community resources including Missouri State University, Ozarks Technical College, and Jordan Valley Community Health Center, among others. The unique opportunity to anchor saving this community landmark to affordable housing has created a storm of community support and collaboration coming together to make this dream a reality.

- Non-Profit Application
- Special Needs Population (15% of units) for Youth Aging Out of Foster Care
- Strong Community Support
 - Collaboration with Multiple Service Providers to Provide:
 - Referrals
 - Coordination of Services/Education Opportunities & Job Training
 - Rental Subsidy for 6 Units Provided by 4 HUD Vouchers from Rare Breed & 2 Units Subsidized by MO Career Center Operating Budget
 - City of Springfield Supporting Development by Providing Commercial Loan (Similar to HOME)
- Private Donation of Money for Emergency Rental Assistance Fund
- Similar to Successful YMCA Projects in Other Communities such as San Diego & Seattle

Over the last few decades, researchers have learned a great deal about the experiences of youth aging out of foster care. Research suggests that these young people experience high rates of homelessness and housing instability while pointing to several barriers that contribute to such outcomes. Foster youth are more likely to experience adverse outcomes such as early parenthood, criminal justice system involvement, economic hardships and public assistance receipt. Homelessness is just one manifestation of housing instability among young people who age out of foster care.

The benefits of a safe and stable place to live are widely recognized. The research also suggests that, in addition to meeting the basic human need for shelter, safe and stable housing can function as a platform that promotes positive outcomes across a wider range of domains from education to employment to physical and mental health. Stable housing is essential to well-being. Stably housed young people find it much easier to access needed health care and social services thus contributing to good physical and mental health.

Special Needs Referral Agencies will act through the Lead Referral Agency but be supported by the leading providers/experts in the greater region: We are actively in communication and planning with a board to include:

- MO Career Center
- Great Circle
- Footsteps (Good Samaritan Boys Ranch)
- MO Dept. of Social Services Division Children's
- Missouri Baptist Children's Home
- Rare Breed

Service enrichment we believe is the key to providing a sustainable housing model that will not only provide housing but will also provide access to life changing paths to success. We are dedicated to continued collaboration with the many other YMCA's throughout the United States who have already successfully modeled programs that remain active to bring this ground breaking opportunity to Missouri. Program goals, ideas, and opportunities include:

- Peer to peer mentoring through a YMCA designated staff employee of the housing project.
- Job training through the various referral agencies with a very active and well-funded opportunity through MO Career Center.
- Education completion/advancement through OTC Middle College (high school alternative), OTC Community College, and Missouri State University.
- Employment/Internship opportunities through MO Career Center, YMCA, and other area partners.
- Counseling/mental health wellness through established individual counselors as placed through referral partners, Burrell Behavioral Health, MSU and other mental health provider/partners.
- Transportation coordination through walkable resources in less than 1 mile, Fisk Transportation, and Springfield public transportation which is highly accessible in the downtown area.
- Child care (based on ability to pay) through Lighthouse Child & Family Development Centre and other newly emerging programs coming available in the downtown area.
- Emergency rental assistance access funded through private donation reserves held by the housing project.

Overview of housing units includes 48 new apartments in the downtown market (21 one-bdrm/27 two bdrm):

- 25% of units for 50% AMI households
- 43% of units for 60% affordable households
- 20% of units for 80% workforce households as a high demand request in downtown market
- 10% of units as traditional market rate apartments to allow for a mixed socio-economic diversity

Amenities included in rent/service enrichment opportunity feature access to the fully operational YMCA that has a mission focused on youth development, healthy living, and social responsibility. Space to support these missions in addition to the traditional leasing space will include educational classrooms/computer access as well co-work space areas for residents with access to Wi-Fi and work stations. Modern energy efficient designs will bring a one-of-a-kind lifestyle opportunity in the heart of downtown Springfield.