



MEMORANDUM

Council Agenda
Item No. VII.H.
2/24/2015

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

Resolution approving a \$155,000 allocation of Community Development Block Grant funds from the Affordable Housing Assistance Program in the Consolidated Plan to the Homeless Alliance, Inc., for eligible clearance and site improvement activities in support of a 20-unit single room occupancy rental housing development for special population chronically homeless persons at the WestTown campus, 1724 NW 4th Street; approving Loan Agreement; and authorizing execution of necessary documents, including but not limited to, notes, subordination agreements, declarations and releases necessary to complete the project and secure the City's investment. Ward 6.

Purpose To provide funding from the Community Development Block Grant (CDBG) program for eligible activities including clearance, site improvements and security lighting in support of the project, which was previously allocated City-administered Home Investment Partnership Program (HOME) funds to combine with significant private funding.

Background On May 27, 2014 (Item No. VI.AE.) City Council approved a HOME Loan Agreement with the Homeless Alliance, Inc. to provide \$670,000 in HOME funds for the construction of a 20-unit single room occupancy apartment building to provide permanent supportive housing for the chronically homeless.

The Homeless Alliance applied (late in 2012) for \$955,000 of HOME funds to construct the project in combination with private leverage. At the time of the application, the City had \$670,000 of HOME funds available. Planning staff requested the Homeless Alliance raise additional private funds cover the gap. The Homeless Alliance worked for more than a year to raise a total of more than \$500,000 in foundation funds and \$59,500 of in-kind contributions.

In August 2014, the City released a competitive opportunity for CDBG funds under the Affordable Housing Assistance Program established in the 2014-15 Consolidated Plan and Fifth Action Year Plan. On December 18, 2014, the Homeless Alliance applied for \$249,000 of CDBG under the opportunity to add value to the project.

In January 2014, the City's application review committee determined the Homeless Alliance CDBG application met both threshold and scoring

criteria and is eligible to receive CDBG funding. Planning staff determined that based on the revised SRO budget submitted with the application, eligible CDBG activities in the budget amounted to \$155,000, which is less than level requested. The Homeless Alliance has agreed to accept this level of funding. Planning staff is assured that the project can be completed with the lower level of funding, and that the Homeless Alliance continues to raise private funds to develop the best project possible.

The project will be built as a single story, low density, courtyard style complex with 20 single room occupancy apartments, each approximately 250-270 square feet in size and each containing food preparation and sanitary facilities.

The CDBG funds will be provided as a loan to the project at 1% annual interest with deferral of payment allowed as long as the project serves the chronically homeless population as intended. Forgiveness of any unpaid balance of the loan will be granted at the end of the 20 year term contingent on full compliance with the loan agreement.

The following relate to the project:

Transit: The project is served during the day Monday through Saturday by Embark bus routes 7, 8 and 9. Bus stops are within blocks of the project location.

Zoning: The project site is properly zoned for multifamily residential. No special permit is required to house the target clientele.

Public Meetings: The Homeless Alliance held a series of meetings with neighboring property owners, community stakeholders and public officials to seek input on and support for the project. There are no known protestors of the project.

Conformance with local Plans and Initiatives:

The City's forthcoming Comprehensive Plan recommends helping people with special needs locate in housing with increased or proximate access to services they require. The WestTown campus is especially well suited to provide services for chronically homeless populations. Meals are provided daily and resources are available during regular business hours to provide tenants voluntarily access services such as medical and dental screenings, legal aid, counseling, employment training and job placement. Each tenant of the SRO project will be case managed by professional staff from one or more nonprofit agencies.

The current Comprehensive Plan calls for addressing social issues such as homelessness for future development. The Plan also calls for promotion of new housing construction that makes efficient use of existing investments in public services and facilities and which minimizes the

need for additional investments. The City's public investment in the WestTown campus to date will be enhanced by the addition of permanent supportive housing located on campus, and the presence of on-site housing will reduce the need for additional investment in social service programs to meet the needs of the target population. Studies show that the cost of homelessness can be reduced through a central housing/service model as is proposed.

The City's current 10-year plan to create lasting solutions on homelessness calls for increasing the supply of permanent supportive housing for chronically homeless persons by implementing a housing first system, which means placing vulnerable people in housing with appropriate services, before trying to address other issues. The goal is to treat symptoms first and then address root causes.

Source of Funds

GRANTS MANAGEMENT-DEPT OF HSG & URBAN DEVEL-RSTR-CDBG ENTITLEMENT-B-14-MC-40-0003 (019-6140-2408000-G80185)

Review

Planning Department

Recommendation: Resolution be adopted.