

CITY OF GRAND JUNCTION, COLORADO

RESOLUTION 20-23

AUTHORIZING THE CITY MANAGER TO MAKE AMERICAN RESCUE PLAN ACT (ARPA) GRANT AWARDS TO GRAND VALLEY CATHOLIC OUTREACH AND HOUSING RESOURCES OF WESTERN COLORADO

RECITALS:

With the adoption of Resolution No. 32-22 the City Council created and charged a community advisory board with assisting the City to determine how to best appropriate and expend American Rescue Plan Act (ARPA) "recovery funds." Over the course of eight months in 2022 the Committee reviewed applications for, and made recommendations on, awarding approximately \$9,000,000 that the City received in Federal funds. Those funds, which were made available to the City under the American Rescue Plan Act, have at the City Council's direction to the Committee been considered for use in support of mental and behavior health, housing, and homelessness programs and services.

At the Council's December 20, 2022, work session, the Council heard from six applicants all of which the Committee had reviewed and recommended for funding. One applicant withdrew and of the five remaining applicants, City Council requested additional information from three applicants.

At its February 13, 2023, work session the Council continued its deliberations on funding the pending applications; however, because two of the applications were deemed complete and the intended purposes of the funds are consistent with the City's homelessness and housing goals, the Council directed this resolution be drawn and considered at its February 15, 2023 meeting, and that an appropriation ordinance be introduced in first reading at the same meeting.

As the ARPA funds have been determined by the City to be pandemic revenue replacement, as provided by the applicable rules, and the City Council is vested with the authority to determine how those funds may be expended, the City Council by and with this Resolution affirms and directs the execution by the City Manager of a notice of award of \$1,000,000 to Grand Valley Catholic Outreach for its Mother Teresa House project and a notice of award of \$1,000,000 to Housing Resources of Western Colorado for its revolving loan fund.

Having been fully advised in the premises, the City Council by and with this Resolution affirms and directs the execution of the foregoing notices and amounts with payment of said sums of money being contingent on Ordinance No. 5131 being approved and

becoming effective and consequentially making a supplemental appropriation to the City's 2023 budget, as described in that Ordinance.

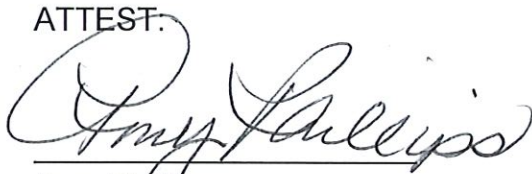
NOW THEREFORE, the City Council of the City of Grand Junction authorizes the City Manager to execute notices of award of American Rescue Plan Act funds in the amount of \$1,000,000.00 for Grand Valley Catholic Outreach and Housing Resources of Western Colorado as provided herein, as recommended by the ARPA Committee, and as further described in the application of each organization.



Abe Herman
Council President Pro Tem



ATTEST:



Amy Phillips
City Clerk

Print

Letter of Interest for Utilization of American Rescue Plan Act Funding - Submission #982

Date Submitted: 7/25/2022

Area of Concentration (check one):*



Housing



Homelessness



Mental/Behavioral Health

Name of Organization/Entity

Grand Valley Catholic Outreach

Name*

Karen Bland

Email Address*

kabland@juno.com

Address

541 1/2 23 Road

City

Grand Junction

State

CO

Zip Code*

81507

Phone Number*

9702638121

Community Impact*

City's Needs and Impact: Affordable housing and Housing for those who are Homeless are major concerns for the City of Grand Junction. Mother Teresa Place, a supportive housing development of 40 units for those who are homeless, will address Affordable Housing as residents will have approximately 27% or less of the AMI for a Grand Junction single person and will pay no more than 30% of their income in rent. The City has proposed a goal of 45-75 affordable units for the coming year. Mother Teresa Place will provide 53% of that goal. The city's comprehensive plan includes a redevelopment of the south portion of the downtown area. Mother Teresa Place will be constructed in that area and will add to its beautification (as it has done with its two other supportive housing campuses). Number served: Mother Teresa Place will serve 40 Grand Junction citizens who are homeless. As some residents reach a level of stability that allows them to opt for housing in other areas of the city, other persons who are homeless will take their places. None of those to be served will be capable of acquiring housing under current conditions as their income level fluctuates between \$600 and \$800 a month. One-bedroom apartments in Grand Junction are currently listed over \$1,000 a month. (Almost Home Guide, 2022) A further area identified to benefit from ARPA funds is Mental and Behavioral Health. 100% of those who are chronically homeless suffer with either or both mental and behavioral health issues. A majority have physical health issues as well. These are well documented conditions that afflict persons who are homeless. They either become homeless as a result of these conditions or such conditions set in as their period of homelessness increases and they struggle to survive.

Describe the impact of your project and how it will address the city's needs. At a minimum, describe how many people the project is expected to serve, their level of need, the AMI and/or population served. (300 words)

Readiness*

Mother Teresa Place is currently (July 2022) in the schematic design phase. Architects have held meetings with the City Planners and the building committee, and the design adheres to required codes and program needs. Through the rest of this summer cost estimates will be acquired and the design development is scheduled to be completed this fall. If sufficient funding is acquired, we anticipate ground blessing and ground breaking yet in 2022. Vouchers have been requested of the Department of Housing (DOH) and from the Grand Junction Housing Authority for the 40 apartments that will assure the rental cost to residents is no more than 30% of their income. A grant from the DOH will assist with the costs for case management and other supportive services for the residents. With the escalating cost of construction we continue to look for funding for construction. The City of Grand Junction's purchase of the lots upon which Mother Teresa Place will be built has proven to be a strong impetus towards others responding to a request for monetary and in-kind assistance. Although more than \$5 million has been raised from local donors, funding is also being sought through grants with the Department of Housing and several foundations towards an estimated cost between 8 and 9 million (unless construction costs decrease). A generous grant from the city will be a strong impetus toward being awarded a grant from the Colorado Department of Housing.

Describe the project timeline, whether the project is dependent on other grant funding or entitlements and whether any other uncertainties exist for the project. (250 words)

Capacity to Perform*

Catholic Outreach has been providing emergency and transitional housing for people/families for thirty-two years and 63 units of supportive housing for the past fifteen years: the "T" House, agency leased homes, and St. Benedict Place and St. Martin Place, which, together, provide 63 apartments for people who have been chronically homeless. These supportive housing complexes have served to transform lives (and transformed the neighbors in which they are located). Catholic Outreach provides a Director of Housing, case manager, and campus caretakers for each development and will do likewise for Mother Teresa Place. In addition, Hilltop will partner with Catholic Outreach by providing and training personnel for case management and supervision. Catholic Outreach maintains a facilities management team which will be augmented to cover the operation of Mother Teresa Place. Mother Teresa Place will be overseen by Sr. Karen Bland, Executive Director, and managed by Lindy Hodges, Director of Housing

Describe your organization's experience with and capacity to implement the proposed project. Please include the name and position/title of the person who will manage the project. (200 words)

Project Budget and Leverage of Funds*

We are requesting a capital expenditure grant of \$3,000,000 for this project " with a minimum of \$1,000,000. With these funds we still must raise additional dollars as costs continue to escalate. Each apartment will be fully furnished for the residents since persons who are homeless do not have those items necessary to make a home. Recurring expenses and maintenance will be covered by the rental fees paid by each resident. Partnerships are established with contractor and sub-contractors via a request for a donation on their part. As noted in the estimated budget line, a number of preliminary services have already been donated. Partnerships have been forged with the City of Grand Junction and with Hilltop who will provide counseling and case management services and with MindSprings who provide pre-application counseling to prospective tenants. Funding will be leveraged additionally from the Department of Housing and several foundations whose areas of interest include supportive housing. Some staffing costs will be covered by a grant from DOH that is currently in their review cycle. Estimated Budget (Preliminary) (Estimated costs are three to four million below similar supportive housing projects built in other parts of the state.) Acquisition Costs Land \$826,106 (\$825,000 donated) Site Improvement \$36,769 (+ \$10,485 donated) Professional fees Architect \$71,200 (20% donation) Engineering \$3,000 (\$1,650 donated) Attorney \$75,000 (donated) Surveys \$1,700 Testing \$9,685 (+ \$7,500 donated) Construction Cost (estimated at \$300/sq ft = \$8,460,000 Construction Insurance \$75,000 Soft Costs (furnishings 40 units) = \$200,000

Include the amount requested as well as the minimum amount of funding needed for a viable project, an estimated budget, whether this is a one-time capital expenditure or a re-occurring expense over a period of time, and what partnerships and other funding will be leveraged for this project. A full project budget is not required at this time, but if available may be attached. If additional details are available regarding budgetary line items such as revenues, expenditures, staffing costs, construction costs, financing, funding partners, etc. please include or attach those documents with this letter of interest. (250 words)

Long-term Sustainability*

Long term sustainability will mirror the two supportive housing campuses that Catholic Outreach has operated for fifteen years (St. Benedict and St. Martin) through positive fiscal management. Mother Teresa Place will have a covenant that requires it to serve those who are homeless for a specific period of time – usually 25-30 years. A five-year Tenant Support Service grant that is renewable will help provide supportive services to residents. Resident rental income and vouchers will serve to cover operational costs (maintenance) and salaries for plant oversight. Each year Catholic Outreach receives donations designated toward our housing programs. Several foundations fund specific requests for the sustainability of both structures and programs. These foundations will be approached as needed. Our two current supportive housing projects carry no mortgages have never ended a fiscal year with a deficit.

Describe your plan for continuing this project, program, or service into the future. Include details on a funding plan e.g., existing resources, future grants, donor support or other means of maintaining this project or program in the long-term. (200 words)

Upload Supplemental Documents

July photo.pdf

Print

Letter of Interest for Utilization of American Rescue Plan Act Funding - Submission #1075

Date Submitted: 8/9/2022

Area of Concentration (check one):*



Housing



Homelessness



Mental/Behavioral Health

Name of Organization/Entity

Housing Resources of Western Colorado

Name*

Emilee Powell

Email Address*

emileep@hrwco.org

Address

524 30 Road Suite 3

City

Grand Junction

State

CO

Zip Code*

81504

Phone Number*

9707739738

Community Impact*

Housing Resources requests \$1,000,000 to capitalize a purchase assistance revolving loan fund, making homeownership attainable to low-income Grand Junction residents. The award will fund deferred 0% interest loans of \$25,000 to eligible households, with no monthly payment. This program addresses one of the impacts of COVID: the dramatic increase in homeownership costs. Since June 2020, the median home price has jumped 41% from \$285,000 to \$401,190. In keeping with ARPA SLFRF requirements, the funds would be targeted to households below 80% AMI. A household of 3 making 70% AMI (a good target for under 80% AMI) has income of \$51,800 and could afford a home price of about \$240,000 using standard assumptions of an FHA loan. Current property listings show 57 homes (single family, condos, townhomes and mobilehomes) under that limit, and only 11 of them are single family. With \$25,000 of purchase assistance, purchasing power increases to about \$284,000, the effect of both the direct assistance and the ability to use a conventional loan instead of a high cost FHA loan. With that higher limit, 83 properties are currently listed, 25 of which are single family. Housing Resources would also assist clients to access the State's DPA program, providing another \$25,000. With a \$309,000 purchasing power, buyers would have 130 total homes available, 62 of which are single family. Boosting purchasing power into that \$300,000 range dramatically increases the options and makes homeownership far more attainable. With \$1,000,000, Housing Resources could assist about 40 households in the initial round. The loan fund would be revolving so we would continuously recapture the funds and assist additional households for years to come. The initial capitalization of a purchase assistance program would help us build the vehicle to raise funds from other sources and expand our capacity to serve more households.

Describe the impact of your project and how it will address the city's needs. At a minimum, describe how many people the project is expected to serve, their level of need, the AMI and/or population served. (300 words)

Readiness*

Housing Resources will build on our existing home improvement lending capacity to launch the purchase assistance program quickly. We estimate being able to offer the first loans to eligible households within 3 months of award. To prepare for a home purchase assistance loan program, we would only need to adapt our loans policies and intake documents and conduct outreach with first mortgage providers to educate them on the available funds. The loan program would likely start slowly and then ramp up as we generate partners, build interest, and develop a pipeline of mortgage-approved buyers.

Describe the project timeline, whether the project is dependent on other grant funding or entitlements and whether any other uncertainties exist for the project. (250 words)

Capacity to Perform*

Housing Resources has the staff capacity and expertise to implement the proposed purchase assistance loan program. Our staff already offer intake, pre-purchase counseling, homebuyer education, loan application review, loan origination, loan servicing, and compliance reporting. The director of our lending department has run the lending program for the past six years, coordinating a variety of available products from multiple funding sources. The executive director has 17 years of experience in the affordable homeownership field with a particular focus on affordable mortgage lending and loan fund management. In addition to our lending capacity, Housing Resources offers one-on-one pre-purchase counseling and homebuyer education. We are a HUD-approved counseling agency with three HUD-certified counseling staff. This gives us the capacity to assess the client’s mortgage readiness and purchasing power. If they are not mortgage ready, our counselors help them create individualized action plans to become ready and work with them throughout their path to homeownership. Finally our finance team is skilled in managing public grant funds. We operate multiple programs funded by federal, state and local sources and have the capacity to track these funds and keep them permanently restricted for their intended uses.

Describe your organization’s experience with and capacity to implement the proposed project. Please include the name and position/title of the person who will manage the project. (200 words)

Project Budget and Leverage of Funds*

Based on a sample transaction of a \$309,000 home, the total funds deployed over 40 transactions will reach about \$13,000,000. A typical transaction will be funded with a combination of a first mortgage, the buyer’s cash contribution, the City-funded purchase assistance loan and the State’s downpayment assistance program. Housing Resources will also help clients access any other available sources of assistance that are compatible with the City-funded loan program. By leveraging these other sources, the City’s ARPA grant will be multiplied 13 to 1. A budget showing a sample transaction is attached. The request is a one-time capital expenditure. The minimum amount of funding needed for a viable project is \$250,000. That would only generate about 10 - 12 loans. An award below this amount would serve too few households to make for a viable program.

Include the amount requested as well as the minimum amount of funding needed for a viable project, an estimated budget, whether this is a one-time capital expenditure or a re-occurring expense over a period of time, and what partnerships and other funding will be leveraged for this project. A full project budget is not required at this time, but if available may be attached. If additional details are available regarding budgetary line items such as revenues, expenditures, staffing costs, construction costs, financing, funding partners, etc. please include or attach those documents with this letter of interest. (250 words)

Long-term Sustainability*

Housing Resources will use the grant funds to seed a revolving loan fund program, allowing the funds to be redeployed to future households. Because the funds will be permanently restricted, the assistance program is sustainable in the long term. The individual deferred loans will be secured against the property with a well-recognized mortgage document. This ensures that in a future resale or refinance, Housing Resources will be notified so that we can recapture the funds. In this way, the funds can be reused multiple times. In addition, through our loan servicing procedures, Housing Resources staff will remind homeowners that they will repay this loan upon resale and offer them the opportunity to come to us first when they are ready to sell. This will give us an opportunity to identify another eligible household to purchase that home. Deferred purchase assistance loans are well-tested and used throughout the country. Unfortunately, Grand Junction households have not had as much access to these programs as other communities. Our goal is to establish a local source of assistance that will be easily accessible to Grand Junction residents. By helping us start the loan fund with the first-in capital, this award will help us create the vehicle we can use to raise additional capital from multiple sources.

Describe your plan for continuing this project, program, or service into the future. Include details on a funding plan e.g., existing resources, future grants, donor support or other means of maintaining this project or program in the long-term. (200 words)

Upload Supplemental Documents

Purchase Assistance Loan Budget.pdf