



108 East Green Street  
Ithaca, New York 14850  
(607) 274-655

**Minutes**  
**IURA Neighborhood Investment Committee**  
**July 11, 2014**

**I. Call to Order**

The meeting was called to order at 8:30 with members Tracy Farrell, Chair, Teresa Halpert, Fernando de Aragon, and Karl Graham present. Staff members Nels Bohn and Lynn Truame were present, and IURA Executive Director JoAnn Cornish joined the meeting at 8:35.

**II. Public comment**

None.

**III. Review of Minutes – May 9, 2014**

Moved by K. Graham, seconded by T. Halpert, approval of May 9, 2014 minutes, with correction of two typographic errors.

**Carried unanimously.**

**IV. New Business**

**1. Amend funding contract with INHS for the Stone Quarry Apartments project to authorize requested modifications (project #1 2013 HOME)**

Joe Bowes, representing INHS, reviewed the reasons for requesting the proposed changes. The change to cash flow contingent payments was requested by the project's tax credit investor, to ensure a debt coverage ratio that would meet their requirements. The change in special needs set-aside from homeless veterans to persons with a mental disability was necessary because the Red Cross pulled out of homeless services locally and could not refer clients to the project. INHS is now partnering with Lakeview Mental Health, who they partner with on Cedar Creek and Breckenridge as well. N. Bohn noted that Lakeview M.H. is an active participant in the Continuum of Care and may well refer clients who would also meet the original intent of serving the homeless.

J. Bowes presented updated plans and elevations for the project, which he walked through with the committee, highlighting the change in elevation related to unanticipated soils conditions and minor design changes that were required by the Planning Board. K. Graham asked whether INHS had been able to include pedestrian access to Old Elmira Road. J. Bowes indicated they had not. All adjacent property owners were contacted about providing an easement, but none would agree. The City is in

the process of studying the possibility of a sidewalk connection to South Meadow Street and ultimately to Old Elmira Road.

**F. de Aragon moved, seconded by T. Halpert:**

WHEREAS, on August 15, 2012, Ithaca Neighborhood Housing Services, Inc. (INHS) requested IURA financial assistance for the Stone Quarry Apartments project (Project), located at 400 Spencer Rd., Ithaca, NY, and

WHEREAS, the IURA approved the requested financial assistance on October 25, 2012, and

WHEREAS, since the time of that approval, certain changes to the project have occurred, resulting in a request from INHS to modify certain provisions of the previous approval, namely:

- a change in the special needs set-aside population from homeless veterans to persons with a mental disability, and
- a change from June 1, 2013, to June 1, 2014, as the deadline for providing proof that the New York State Unified Funding application for the project had been substantially approved, and
- a change from September 1, 2013, to September 1, 2014, as the deadline for INHS to certify that sufficient funding has been secured to complete the project, and
- an increase in the total budget from \$9.1 million to \$10,017,541, and changes to specific funding sources and amounts as follows:

\$1,279,112	conventional loan
\$5,875,980	low-income housing credit equity
\$2,092,449	state low-income housing credit equity
\$100,000	PathStone sponsor loan
\$100,000	NeighborWorks loan
\$200,000	City/Cornell/County "housing fund"
<u>\$370,000</u>	City of Ithaca HOME
\$ 10,017,541	Total

and,

- conversion of the IURA loan from amortizing with level monthly payments, to cash flow contingent with a balloon payment at the end of the loan term, and

WHEREAS, in all other respects the project remains unchanged since the IURA approved the requested financial assistance on October 25, 2012, and

WHEREAS, the requested modifications were discussed at the July meeting of the IURA Neighborhood Investment Committee, which recommends the following action; now, therefore, be it

**RESOLVED**, the IURA hereby approves a loan to INHS subject to the following terms and conditions:

Loan Amount:	Up to \$370,000.00
Borrower:	INHS, or a subsidiary entity controlled by INHS pursuant to HOME regulations at 24 §92.300(a)(1)
Use of Funds:	Development of the Stone Quarry Apartment project, a 35-unit affordable rental housing project at 400 Spencer Rd., Ithaca, NY. HOME funds will be earmarked to assist at least six (6) housing units.
Loan Type:	Construction loan that converts to permanent loan.
Source of Funds:	HOME funds
Interest Rate:	Construction - 3% Permanent – 2%
Term:	Construction – up to 18 months Permanent – up to 30 years
Amortization:	Construction – no Permanent – yes
Repayment:	Construction – interest only payments due monthly with repayment of the full principal balance due and payable at the end of the loan term. Permanent – cash flow contingent monthly payments with the full outstanding principal balance, together with any unpaid accrued interest, due and payable at the end of the loan term.
Prepayment:	Borrower may repay the loan at any time during the term without penalty.
Collateral:	Construction – subordinate mortgage lien on the project property behind only mortgage liens securing project loans of greater than \$370,000. Permanent – subordinate mortgage lien on the project property behind only mortgage liens securing other project loans of greater than \$370,000.
Match:	At least \$8,000,000

Conditions:

1. Receipt by June 1, 2014 of proof that the New York State Unified Funding application for the project has been substantially approved.
2. Receipt of certification of INHS by September 1, 2014 that sufficient funding has been secured to complete the project.
3. INHS designation as a Community Housing Development Organization at the time of loan closing. Completion of environmental review and site plan approval for the project.
4. Project will remain taxable for property taxation.

Reporting:

1. Annual submission of audited financial statements for the project and the borrower, including balance sheet and profit/loss statement.
2. Annual reporting on HOME-assisted units to comply with HOME regulations.
3. Submission of documentation of match funding.
4. Submission of evidence of compliance with Section 3 requirements.
5. Submission of monthly progress updates, including updated schedule, during construction.

**RESOLVED**, that the IURA Chair is authorized to modify the interest rate, amortization, and repayment terms of this loan to satisfy the project's tax credit syndicator or investors, provided the loan remains repayable, and be it further

**RESOLVED**, that the IURA Director of Community Development is authorized to issue a loan commitment in accordance with the terms of this resolution, and be it further

**RESOLVED**, that the IURA Chairperson, upon the advice of the IURA Attorney, is hereby authorized to execute all necessary and appropriate documents to implement this resolution, including, but not limited to, executing loan agreement documents.

**Carried unanimously.**

## **2. Update on the Supported Employment Program from the Learning Web (project #22 CDBG 2013)**

Dale Schumacher and Rick Elworth of the Learning Web attended, reporting that the program had not met expectations and there had been no placements made to date. Despite extensive outreach, they have not been able to locate appropriate applicants for positions at Cayuga Medical Center (CMC). It appears the majority of the target population would benefit from skill building and employment history repair before they are ready for such placement. R. Elworth has recently begun making contact with graduating IHS seniors who have no work history, and there may be some promise there going forward. He is also continuing to work with the six youth who have been helped so far to locate jobs (none of which have been at CMC) and will try to help them move into better jobs as opportunities arise. R. Elworth will send an electronic copy of their outreach materials to L. Truame, who will distribute them to the committee. After a discussion of the program's original goals and the barriers that exist to achieving those goals, there was consensus that the following revisions would likely improve program outcomes: eliminate CMC as the sole acceptable employer, allow program participants who are "under-employed" rather than limiting the pool to those who are "unemployed", and revise the residency requirement so that *preference* is given to City residents, but City residency is not *required*.

D. Schumacher and R. Elworth left the meeting. After continued discussion, consensus was reached to allow the Learning Web's Supported Employment Program to continue through the end of 2014, with the contract amended as describe above, and with interim milestones established between now and the end of the year to track the effect of these changes on the program's outcomes. LW will also be asked to retain contact with all placed youth and report on their job stability through the end of year, and to consider connecting with Work Preserve and ReSET graduates to help move them into stable employment. Despite inclusion in the 2014 Action Plan, funding for the Supported Employment Program will not continue in 2015 unless the program is substantially rethought and shows significantly improved outcomes through the end of 2014. L. Truame will prepare draft contract revisions for review by T. Farrell and action at the July 24, 2014 IURA meeting.

## **3. Proposed programmatic changes to NHI Bond Fund**

N. Bohn noted that these changes, all of which have been previously discussed, will require both IURA and Common Council approval.

### **F. de Aragon moved, seconded by K. Graham:**

WHEREAS, The Neighborhood Housing Initiative was created to convert substandard, rental, residential properties negatively affecting their surrounding neighborhood into quality, owner-occupied housing that would benefit the nearby neighborhood, increase homeownership and expand the tax base of the City, and

WHEREAS, to implement the program, the Ithaca Urban Renewal Agency (IURA) used bond proceeds to acquire eligible properties; renovated them, or demolished and constructed new homes; and sold them for the highest marketable price to homebuyers with a deed restriction requiring the property to remain owner-occupied for at least 25 years, and

WHEREAS, IURA bonds financing the Neighborhood Housing Initiative are guaranteed by the City of Ithaca, and

WHEREAS, \$1,050,000 in bonds were issued to capitalize the program, of which, as of 2014, approximately \$590,000 remains available to implement the program going forward, and

WHEREAS, certain changes to the structure of the program are now proposed to facilitate effective expenditure of the remaining funds, and

WHEREAS, the changes have been reviewed and approved by bond counsel Orrick, Herrington & Sutcliffe LLP, and

WHEREAS, the proposed programmatic changes were discussed at the July meeting of the IURA Neighborhood Investment Committee, which recommends the following action; now, therefore, be it

**RESOLVED**, the IURA hereby approves the following programmatic changes to the Neighborhood Housing Investment program:

1. Supplement the Program to Provide for a Pilot Competitive Grant Program - Convert the program delivery model to a competitive grant program to assist not-for-profit housing developers carry out homeownership projects for a fixed subsidy amount rather than have IURA undertake site selection, acquisition, rehabilitation/construction and resale. Payments of grants will be made upon project completion.

*Rationale for change: This change will enhance cost-effectiveness of the program by transferring the risk of cost overruns from the IURA to the developer. When the IURA acted as owner and developer, the final subsidy amount necessary to complete several projects was significantly higher than the initial projection due to factors unforeseen at the time of property acquisition. As proposed, the final public subsidy amount per project will now be established at the time of grant award.*

2. Expand Categories of Eligible Project Sites – Expand the categories of properties eligible for assistance under the program from solely substandard, rental residential properties to include, substandard vacant structures, properties acquired through property tax delinquency, primary structure cited as unsafe for occupancy, and vacant parcels.

*Rationale for change: This change will enhance effectiveness of program to better accomplish the objective to address properties negatively affecting neighborhoods, regardless of their prior tenure status. Expanding the range of properties eligible may also reduce the public subsidy by making vacant properties, where demolition and clearance may have already occurred, eligible for the program.*

3. Affordability Requirement – Impose a new requirement that each new owner-occupied residential unit assisted must be sold to homeowners earning 80% or less of the Area Median Income (AMI), and further require any resale of the home to low/mod income homebuyers during the 25-regulatory period.

*Rationale for change: This change will accomplish a new goal of the program to expand affordable homeownership opportunities. The median existing home sales price in the City has increased to over \$185,000, well above the amount most low- and moderate income residents can afford, leading to less income diversity in City neighborhoods. Previously, the program was designed to sell the completed project for the highest marketable price to minimize the public subsidy required. In tandem with the other programmatic changes, and other affordable housing grant programs, creation of affordable homeownership units through the program is projected to only require a modest increase in the amount of public bond subsidy per unit.*

**RESOLVED**, that the IURA Chairperson, upon the advice of the IURA Attorney and Bond Counsel, is hereby authorized to execute all necessary and appropriate documents to implement this resolution.

**Carried unanimously**

#### **4. 2014-2018 Consolidated Plan**

On the whole, the committee was pleased with the draft Consolidated Plan. K Graham noted some linguistic revisions that would clarify the goals expressed in the Executive Summary. L. Truame will make the requested revisions.

**T. Halpert moved, seconded by F. de Aragon:**

#### **2014-2018 Consolidated Plan Adoption – HUD Entitlement Program**

WHEREAS, in the Fall of 2003, the US Department of Housing and Urban Development (HUD) notified the City that it qualified as an ‘Entitlement Community’ and that it would be receiving an annual allocation of HUD funds through the Community Development Block Grant Program (CDBG) and HOME Investment Partnerships (HOME) Program, and

WHEREAS, in order to access these funds, the City is required to undertake a public input process and prepare a Consolidated Plan which identifies priority community development needs for the City of Ithaca every five years, and

WHEREAS, it is now time to prepare an updated Consolidated Plan, and

WHEREAS, under the terms of the February 14, 2013, agreement between the City of Ithaca and the Ithaca Urban Renewal Agency (IURA), the City has designated the IURA as the Lead Agency to develop and administer the Consolidated Plan on behalf of the City, and

WHEREAS, the Consolidated Plan may only be adopted by the Common Council after it has undergone a 30-day public comment period and been the subject of two public hearings, and

WHEREAS, the first public hearing was held before the IURA on June 26, 2014, and the second public hearing was held at the Planning and Economic Development Committee of the Common Council on July 9, 2014, and

WHEREAS, following a citizen participation process to gain public input in identifying priority community development needs, the IURA issued a draft 2014-2018 Consolidated Plan for a 30-day public comment period that ends on August 5, 2014, and

WHEREAS, at their July 2014 Neighborhood Investment Committee meeting the members reviewed the draft Consolidated Plan and recommended its adoption, now, therefore be it

**RESOLVED**, that the IURA hereby adopts the 2014-2018 Consolidated Plan and further recommends its adoption by the Common Council, subject to the review and possible incorporation of any comments received.

**Carried unanimously**

#### **V. Old/Other Business**

Staff provided a brief update on the status of Fair Housing survey, which has had a higher response rate than anticipated and will not require the second mailing that was included in the budget. T. Farrell inquired about the testing component of the survey. L. Truame will contact Karen Baer to inquire about this and will report back to the committee.

T. Farrell inquired about the status of the Salvation Army property at 310 West State Street. L. Truame reported that the carriage house will be demolished shortly and that there is concern for the physical condition of the main house, which has active roof leaks. Historic Ithaca will bring a nomination for a local historic district to the Ithaca Landmarks Preservation Commission in August, 2014, requesting designation of 310 W. State and a handful of adjacent properties.

There was a brief discussion about the three properties that were recently sold by the County at auction, including 315 First Street. INHS elected not to bid on 315 First, due to the presence of some title issues, but theirs would not have been the high bid in any event, as that property sold for \$88,000. It was noted that all three properties were previously owner occupied and will probably now be rentals.

#### **VI. Motion to Adjourn**

The meeting was adjourned by consensus at 10:35.

**END**

Minutes prepared by L. Truame