

Staff Report

DISCUSSION OF POSSIBLE

**Grant of Community Development Block Grant Funds  
to  
Youth and Shelter Services**

February 10, 2009

On January 30, 2009, the Mayor and City Council members received a request for \$40,000 from the City's 2008/09 Community Development Block Grant (CDBG) funds, from Youth and Shelter Services (YSS). The funds would be used to provide a portion of the \$75,000 in earnest money, payable as a part of the purchase of 125 S. 3<sup>rd</sup> Street, from the Richmond Center. YSS will plan to remodel this facility for use as a Family Life Center, moving some services from the Jacobson Youth and Family Center, and planning for the necessary future space for growing needs in the areas of family counseling, foster care, and related services.

Staff have discussed the request with Department of Housing and Urban Development (HUD), and have completed an environmental review required under HUD guidelines. YSS states that its clients will meet the low and moderate income guidelines required by HUD.

**Discussion**

Early in the planning for the Human Services Campus, YSS had been investigating becoming a part of that project. However, due to limitations on allowable square footage at that location (including maximum buildable area at that site), YSS decided that it would need to research other alternatives to meet its space needs.

The balloon payment due from the Richmond Center on the property located at 125 S. 3<sup>rd</sup> Street is due by July 1 of this year. This payment is well in excess of \$800,000. The Richmond Center does not have the funds for this payment. In fact, the most recent Richmond Center audit notes that the ability of the Richmond Center to remain a going concern is dependent upon the sale of the building, and the restructuring of its management (and/or possible future merger with Community and Family Resources).

Staff cannot say that the purchase of the Richmond Center building by YSS would not go through without the City's commitment of \$40,000. By providing this City Block Grant funding, YSS will attempt to secure a match of up to \$80,000 from the State of Iowa Block Grant dollars for renovation of the building. Commitment of these dollars would allow for private money raised by YSS to be reallocated to begin planning to remodel/repair the building.

YSS has indicated that during its renovation work (lasting into 2010), Richmond Center and Mid-Iowa Community Action (MICA) may remain as tenants in the Richmond

Center building. MICA currently has its food pantry and related family support services in the building on the lower level. The Richmond Center needs to have space until the merger decision with Community and Family Resources (CFR) can be made (and likely for a time after that decision is made). MICA also is needing space until it is determined whether Heartland Senior Services (HSS) will be moving to the Human Services Campus. MICA representatives have toured the HSS building (owned by the City) and would be interested in moving into that space should it become available.

The City has already committed an additional \$45,000 for the continuance of services by the Richmond Center. While the \$40,000 requested here does not directly aid in the provision of mental health services, it does aid in the necessary sale of the Richmond Center building, and at the same time, it assists a buyer willing to allow mental health services and food pantry/family support services to remain housed in that location until sometime in 2010. Other human service agencies might raise concerns about the Council's decision to allocate CDBG funds to YSS without opening up the process to other worthy agencies. However, this request is very closely related to the success of two other projects in which the City is involved, and which will serve thousands of members of our community.

### **Options**

Again, staff cannot say that the requested \$40,000 from the City's CDBG funds is necessary for the YSS purchase of the building. It will allow YSS to attempt to secure additional State CDBG funds. The City Council may choose to deny this request.

Should the Council desire to approve the YSS request, the City may enter into a 10 year forgivable loan (or such term as Council may desire, being at least 10 years in duration). Staff has prepared the appropriate draft agreements.

Staff will be available to answer your questions on February 10.