

May 1, 2018



Keith Hamre, Director
Planning and Construction Services
City of Duluth
Room 208, City Hall
Duluth, MN 55802

Dear Mr. Hamre:

Please consider this letter as One Roof's application to the City of Duluth for approval to apply to Minnesota Housing for Low Income Housing Tax Credits for the Decker Dwellings development. One Roof is seeking a resolution of support for Decker Dwellings that indicates the City of Duluth's support for this development because it meets a locally identified critical housing need in Duluth.

Our proposed development is a three-story, 42 unit apartment building located off Decker Road in Duluth adjacent to the Schneiderman's Furniture store near the Miller Hill Mall. The table below details the number of bedrooms, gross rent (including utilities), rent limits and income limits of the apartments to be constructed.

Bedrooms	# of Units	Rent	Rent Limit	Income Limit
1	6	\$ 670	50% AMI	60% AMI
1	4	\$ 670	60% AMI	60% AMI
2	12	\$ 803	50% AMI	60% AMI
2	5	\$ 863	60% AMI	60% AMI
2	4	\$ 782	30% AMI	30% AMI
3	4	\$1,000	60% AMI	60% AMI
3	3	\$ 900	50% AMI	60% AMI
3	4	\$1,000	30% AMI	30% AMI

All apartments will have a single full bath, with the exception of the three-bedroom apartments which will have an additional $\frac{3}{4}$ bath, to better serve families with children. To give further context to the incomes of the residents to live in the building the following table shows actual incomes per household size for households of 1—4 at both 50% and 60% of area median income:

Household Size	50% AMI	60% AMI
1	\$25,000	\$30,000
2	\$28,600	\$34,320
3	\$32,150	\$38,580
4	\$35,700	\$42,840
5	\$38,600	\$46,320
6	\$41,450	\$49,740

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We will be reserving 4 of the units as permanent supportive housing units for homeless individuals with services provided by the Human Development Center and rental assistance in the form of Section 8 vouchers, which we anticipate receiving, from Duluth Housing and Redevelopment Authority. Further, we are pursuing the inclusion of four units to serve households with disabilities as services and rental assistance permit.

Sources and uses budget for the project is as follows:

Sources	
First Mortgage	\$ 870,000
Syndication Proceeds	\$8,690,983
Sales Tax Rebate	\$ 199,614
Energy Rebates	\$ 4,625
CDBG - City of Duluth	\$ 275,000
Total Sources	\$10,040,221
Uses	
Acquisition	\$ 75,000
Construction	\$7,139,067
Contingency	\$ 285,563
Professional Fees	\$ 636,908
Developer Fees	\$1,255,000
Syndicator Fees	\$ 30,000
Financing Costs	\$ 371,125
Reserves	\$ 247,559
Total Uses	\$10,040,222

This development fits completely with the City’s stated goals for the year of creating more housing for households earning \$50,000/year or less, and we are very excited about its prospects for receiving a commitment of tax credits this year. I have attached the self-scoring worksheet from Minnesota Housing’s application, as requested. Please advise if you need anything else for the City’s approval process.

Thanks for your support of affordable housing in Duluth and your consideration with this project.

Sincerely,



Jeff Corey
Executive Director