



Business Subsidy Agreement Pre-Approval Report
TIF- Decker Dwellings Affordable Housing Development

Business Subsidy Recipient Information

1. Name of Business or Organization: Decker Dwellings LLLP
2. Address: 12 E. 4th Street, Duluth, MN 55805
3. Does the recipient have a parent corporation?
No.
4. Did the recipient relocate as a result of signing this agreement?
No.

Summary Agreement Information

1. Brief description of the proposed project

Decker Dwellings will be a 42-unit new construction housing development that will serve households at or below 80% of area median income; at least 20% of the units will be available at 50% of the area median income per housind district requirements. Nine one-bedroom units will have Section 8 Project based Assistance from the Duluth HRA: four of these units will serve high priority Homeless Households and five units will serve people with disabilities. The remaining 33 units are intended to serve the local workforce. There will be a total of 10 one-bedroom units, 21 two- bedroom units and 11 three-bedroom units.

2. Total value of proposed project

Total Development Costs: Approximately \$11 million.
Total projected estimated market value: Approximately \$4.3 million.

3. Summary of type(s) of subsidy and total dollar value for each
 - a. Type of assistance:
 - i. Tax Increment Financing
 - ii. Community Development Program funds
 - b. Grantor of assistance
 - i. City of Duluth
 - c. Total dollar value of assistance

i. Up to \$755,000 or approximately 7% of the total project cost.

4. What other financing avenues were pursued?
 - a. Minnesota Housing Low Income Housing Tax Credits (secured)

Applicability of Current Duluth and State Laws

1. Is this project covered under Duluth's Prevailing Wage law as defined in Article 2, Section 2-25? I
 - a. Yes.
2. Is this project covered under Duluth's Project Labor Agreement law as defined in Article 2, Section 2-29? If not, state the specific applicable exclusion.
 - a. Yes.
3. Is this project is covered by Duluth's Living Wage law as defined in Article 26, Chapter 2 of the Duluth City Code?
 - a. Yes.
4. Is this project is covered by the business subsidy statute as defined in Minnesota Statutes 116J.993-.995 and subject to reporting?
 - a. It is covered under the City's Business Subsidy criteria and will be subject to reporting.

Public Purpose and Public Benefit Criteria

1. Public Purpose Criteria. State which two (minimally) of the five public purposes this project meets with a brief explanation of why it the proposed project meets this criteria.
 - a. High quality jobs.
 - i. This project does not create any permanent jobs but will create prevailing-wage level construction jobs during its development.
 - b. Job retention
 - i. The limited housing supply, specifically affordable housing is a tremendous challenge for Duluth businesses. This project provides another affordable housing option directly adjacent to the mall/commercial corridor, creating more options for existing and would-be employees for those area businesses. Many jobs in the retail sector pay minimum and low wages; this project provides workforce housing that affordable for those workers and close to employment opportunities.
 - c. Diversify Duluth's economy
 - i. N/A
 - d. Quality of life
 - i. Affordable, safe housing is a fundamental factor in providing a high quality of life.

- e. Tax Base
 - i. The tax base is projected to increase from the current net tax capacity of \$1,598 to a net tax capacity of approximately \$32,500.

- 2. Preferential Public Benefit Criteria. Which other preferential public benefit criteria does this project meet, if any? Provide a brief explanation of how it meets the criteria.
 - a. Locally owned businesses
 - i. When available, local contractors will be hired to remodel and improve the building.
 - b. Workforce development and hiring low-income, unemployed and hard-to-employ residents
 - i. The construction of the project will be accompanied by hiring goals through the City of Duluth's Community Benefit Program, including providing building trades-opportunities for women and those populations experiencing barriers to employment.
 - c. Protected class business owners
 - i. See above.
 - d. Other community benefits
 - i. N/A.

- 3. Duluth Comprehensive Plan and other City Plans
 - a. What current City plans, if any, cover this project? How does the project relate to the applicable plans?
 - i. The subject property sits on both Large Scale Commercial land-use and Neighborhood Mixed Use designations. The project serves as a transitional use between the mall and shopping/commercial corridor and the Duluth Heights residential area.
 - b. Additionally, the project adheres to the following principles identified in the Comprehensive Plan:
 - 1. Principle #3 - Support existing economic base
 - 2. Principle #5 – Promote Reinvestment in neighborhoods
 - 3. Principle #8 – Encourage mix of activities, uses and densities; and
 - 4. Principle #12- Create efficiencies in delivery of public services
 - c. Are there any special zoning or permitting exemptions that need to be made for this project? If yes, provide a brief explanation.
 - i. No.

Specific project goals

- 1. For each public purpose state the specific, measurable and tangible goals that were set for the project:
 - a. Public Purpose - Type of goal

- i. The public purposes discussed above will be achieved by the creation of additional affordable housing for lower income earners, adjacent to concentrated amenities and employment opportunities for future tenants.
 - b. Specific Goals established
 - i. Developer agrees that on or before December 31, 2021, it shall have constructed the Project on the Property in accordance with the Development Agreement.
 - c. Target Attainment Dates
 - i. See above.
- 2. Progress toward these goals will be reported by the recipient of a business subsidy on an annual basis by March 1 for the preceding year (see Section 8 (d) - Business Subsidy Criteria), and provided to the Council by April 1.