



Business Subsidy Agreement Pre-Approval Report

TIF District #35 – Burnham Apartments (Old St. Louis County Jail) Redevelopment Project

Business Subsidy Recipient Information

1. Name of Business or Organization: 521 West 2nd Development, LLC
2. Address: 501 West Lynnhurst Ave., Suite 200, St. Paul, MN 55108
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

The project will consist of the renovation and revitalization of the historic St. Louis County Jail located at 521 West Second Street, on the corner of West Second Street and Mesaba Avenue, in the Downtown Central Business District. This revitalized historic building will contain approximately 32 residential units that consist of a mix of studio, 1 bedroom and two bedroom apartments. Of these apartment units, 4 will be available at 60% or less of the Area Median Income. The current building is vacant and in a dilapidated state and in recent years has primarily been used for storage. The renovation of the new building will utilize private investment dollars, both state and federal historic tax credits, an environmental cleanup grant, and Tax Increment Financing to create much needed affordable and market rate housing in downtown Duluth.

2. Total value of proposed project

Total Development Costs:	Approximately \$ 8,265,000
Total projected estimated market value:	\$4,200,000

3. Summary of type(s) of subsidy and total dollar value for each
 - a. Grantor of assistance
 - i. Tax Increment Financing

1. City of Duluth
 2. Total value of assistance: \$1,200,000
 - ii. Federal Historic Tax Credits
 1. Total value of assistance: \$1,234,791
 - iii. State Historic Tax Credit
 1. Total value of assistance: \$1,294,299
 - iv. Northspan Cleanup Funds
 1. Total value of assistance: \$200,000
 - v. Minnesota Legacy Grant
 1. Total value of assistance: \$150,000
 - b. Total dollar value of assistance
 - i. \$4,757,090 million or approximately 58% of the total project cost.
4. What other financing avenues were pursued?
- a. Property Tax Abatement
 - b. Minnesota DEED Redevelopment Grant

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?
 - 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 covered by the business subsidy statute as defined in Minnesota Statutes 116J.993-.995 and subject to reporting?
 - a. Yes.

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 high-quality jobs but will provide a revitalized historic building in a district that is in much need of affordable and market rate housing.
 - b. Job retention
 - i. See (a) above.
 - c. Diversify Duluth's economy

- i. The future land-use designation of the redevelopment site is Central Business Primary (CBP). According to the Imagine Duluth 2035 Comprehensive Plan, the “CBP” encompasses the broadest range of uses and intensities:
 - 1. High Density Housing
 - 2. Governmental Campus
 - 3. Significant Retail
 - 4. Entertainment and Lodging
 - 5. Central Plaza, Public/Open Space
 - 6. Public Parking Facilities
- b. Additionally, the project adheres to the following principles identified in the Comprehensive Plan:
 - 1. Principle #1 – Reuse previously developed lands
 - 2. Principle #4 – Support economic growth sectors
 - 3. Principle #5 – Promote Investment in neighborhoods
 - 4. Principle #6 – Reinforce the place specific
 - 5. Principle #8 – Encourage mix of activities, uses and densities
- 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 stated will all be achieved once the blighted building has been revitalized and the 32 residential units have been created.
 - b. Specific Goals established
 - i. Achievement of the Business Subsidy Goal in accordance with City Council Resolution 18-0515 shall be measured as follows: Developer agrees that on or before September 30, 2023, 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 February 1st for the preceding year (see Section 8 (d) - Business Subsidy Criteria), and provided to the Council by March 15th