



Business Subsidy Agreement Pre-Approval Report

Brae View Apartments Project

Business Subsidy Recipient Information

1. Name of Business or Organization: Brae View, LLLP
2. Address: 12 East 4th Street, Duluth, MN 55805
3. Does the recipient have a parent corporation?
Yes. One Roof Community Housing
4. Did the recipient relocate as a result of signing this agreement?
No.

Summary Agreement Information

1. Brief description of the proposed project

One Roof Community Housing, working through Brae View, LLLP, will construct no fewer than 72 senior-dedicated affordable apartments. The ground floor of the development will host a daycare facility with capacity for 100 infants and children.
2. Total value of proposed project

Total Development Costs: Approximately \$33,535,143
Total projected estimated market value: Approximately \$10,000,000
3. Summary of type(s) of subsidy and total dollar value for each
 - a. Grantor of assistance
 - i. Minnesota Housing Finance Agency Funding
 1. Minnesota Housing Finance Agency
 2. Total value of assistance: \$28,303,000 (mix of tax credits and deferred loans)
 - ii. Housing TIF District
 1. Housing and Redevelopment Authority of Duluth
 2. Total value of assistance: up to \$2,100,000
 - iii. Duluth Economic Development Authority

1. Total value of assistance: \$3,132,143
 - b. Total dollar value of assistance
 - i. Up to \$33,535,143 or 100% of project cost
4. What other financing avenues were pursued?
 - a. N/A

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 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 these criteria.
 - a. Diversify Duluth's economy
 - i. One Roof Community Housing will add 72 units of affordable senior housing to Duluth's supply. Senior housing is a product that Duluth's market lacking, with a recent housing study showing a current demand for over 1,400 units. New senior housing units will also have the effect of opening up housing units currently occupied by seniors, meaning for sale and rental housing availability should also improve as a result of this project.
 - b. Tax Base
 - i. The tax market value of this site is projected to increase from a current level of \$1,005,100 to 9,053,404 during its first year of operations in 2028.
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. Construction of Affordable Housing

- i. This project will add 72 new senior-dedicated affordable housing units to Duluth's critical downtown neighborhood. A 2025 housing study shows that Duluth currently needs over 1,400 senior housing units just to meet the existing market demand.
- 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 future land-use designation of the development site is Traditional Neighborhood (TN). According to the Imagine Duluth 2035 Comprehensive Plan, TN areas are intended for a mix of housing types as well as limited commercial uses that serve a neighborhood market. The proposed development is higher density than might be appropriate in most TN areas, but this particular site has historically served as a transitional space between the mixed-use commercial district along East 4th Street and the adjoining residential neighborhood. The site is currently being used as a parking lot serving Essentia's 4th Street Clinic. Because of its proximity to commercial and institutional uses and the fact that it will help to meet the neighborhood's demand for both senior housing and daycare facilities, the proposed development meets the intent of the future land use in this area. Additionally, the project adheres to the following principles identified in the Comprehensive Plan:
 - 1. Principle #1 – Reuse previously developed lands
 - 2. Principle #5 – Promote reinvestment in neighborhoods
 - 3. Principle #8 – Encourage mix of activities, uses, and densities
 - b. 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 72 senior-dedicated affordable housing units have been constructed. This includes diversifying Duluth's economy and expanding the city's tax base.
 - 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 12/31/2026, 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.