



Council Agenda Item RESOLUTION AUTHORIZING THE GRANT OF \$149,000 IN STATEWIDE AFFORDABLE HOUSING AID FUNDS TO CENTER CITY HOUSING CORPORATION FOR THE WADENA WEST PROJECT

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE GRANT OF \$149,000 IN STATEWIDE AFFORDABLE HOUSING AID FUNDS TO CENTER CITY HOUSING CORPORATION FOR THE WADENA WEST PROJECT.

SUBMITTED BY: *Ben VanTassel – Director, Planning and Economic Development*

RECOMMENDATION: Approve Resolution

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION:

City Council approved a previous \$341,422.54 Statewide Affordable Housing Aid award for the Wadena West project in April of 2024. Council also approved HUD funding for this project in 2023.

BACKGROUND:

This resolution authorizes the grant of \$149,000 in Statewide Affordable Housing Aid funds to Center City Housing Corporation for the Wadena West affordable housing project. Center City Housing was awarded HUD HOME funds in 2023 to develop a 60-unit permanent supportive housing project on the corner of Wadena Street and 52nd Ave West. As a result of soil evaluations and environmental review, it was determined the soil was not sufficient to hold a three-story 48,000-square-foot building. The experts determined the solution to the problem was to balance the soil and leave that in place for a nine-month settlement period and add aggregate piers to the foundation. This resulted in increased construction costs due to an extended project timeline and unanticipated winter construction conditions. Center City Housing is trying to raise \$500,000.00 to cover the excess costs; this would cover 30% of their need.

BUDGET/FISCAL IMPACT:

This funding is state money administered by the Minnesota Housing Finance Agency and distributed to Duluth for purposes of supporting affordable housing projects. There will be no impact to the city's general fund.

OPTIONS:

Approve or Deny the Resolution.



If the resolution is approved, the city will continue to show support for a community partner building deeply affordable housing and Center City Housing will continue to seek other sources for their remaining \$351,000 funding gap.

If the resolution is denied, Center City Housing will continue to seek other sources for their \$500,000 funding gap.

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NECESSARY ACTION:

Approve the Resolution.

ATTACHMENTS: Grant agreement modeled on previous grant agreement for SAHA funding for Center City approved by City Council in 2024.