

April 30, 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 Brewery Creek 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, 53 unit mixed use, mixed income building located at the intersection of 6<sup>th</sup> Avenue E. & East 4<sup>th</sup> Street. The table below details the number of bedrooms, bathrooms, square feet, rent, rent limits and income limits of the apartments to be constructed.

Bedrooms	# of Units	Rent	Rent Limit	Income Limit
1	5	\$ 615	50% AMI	60% AMI
1	11	\$ 950	Market	Market
1	5	\$ 615	60% AMI	60% AMI
2	16	\$ 731	50% AMI	60% AMI
2	16	\$ 892	50% AMI	50% AMI

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

We will be reserving 4 of the affordable 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 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. The market rate units will not be income restricted and will meet the growing housing need for middle income workers.

**We make home a better place.**



12 E. 4TH ST.  
DULUTH, MN 55805

1ROOFHOUSING.ORG

218 727-5372

In addition to the housing provided at the development, we anticipate the inclusion of 7,300 square feet of commercial/office space on the first floor.

Sources and uses budget for the project is as follows:

<b>Sources</b>	
First Mortgage	\$ 2,406,319
Syndication Proceeds	\$10,967,230
Fond Du Lac	\$ 325,000
Sales Tax Rebate	\$ 277,545
Anonymous	\$ 500,000
TIF	\$ 700,000
AHP	\$ 750,000
CDBG	\$ 147,000
Accrued Interest	\$ 178,392
Deferred Dev. Fee	\$ 250,000
MHFA	\$ 1,150,925
<b>Total Sources</b>	<b>\$17,652,911</b>
<b>Uses</b>	
Acquisition & Demo	\$ 912,000
Construction	\$12,440,400
Contingency	\$ 511,616
Professional Fees	\$ 740,116
Developer Fees	\$ 1,925,000
Syndicator Fees	\$ 31,000
Financing Costs	\$ 742,373
Reserves	\$ 350,406
<b>Total Uses</b>	<b>\$17,652,911</b>

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