City of Duluth

411 West First Street
Duluth, Minnesota 55802

Legislation Details (With Text)

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Type:	Resolution	**Status:**	Passed
File created:	9/30/2022	**In control:**	Planning and Economic Development
On agenda:	10/10/2022	**Final action:**	10/10/2022
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Title: RESOLUTION APPROVING A TWENTY YEAR DEVELOPMENT AGREEMENT BETWEEN THE CITY OF DULUTH AND THE MERGE, LLC FOR THE RESIDENCE AT A TOTAL COST NOT TO EXCEED $4,000,000.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A_Agreement

Date	Ver.	Action By	Action	Result
10/10/2022	1	City Council	adopted	

RESOLUTION APPROVING A TWENTY YEAR DEVELOPMENT AGREEMENT BETWEEN THE CITY OF DULUTH AND THE MERGE, LLC FOR THE RESIDENCE AT A TOTAL COST NOT TO EXCEED $4,000,000.

CITY PROPOSAL:

RESOLVED, that the proper city officials are hereby authorized to execute a development agreement with the Merge, LLC (“Developer”), substantially in the form of that attached as Exhibit A, for development of the Residence apartments and city expenditure in a total amount not to exceed $4,000,000, payable from fund 226-125-5000-6002-5458 (Local Fiscal Recovery Funds, Finance, Affordable Housing, HRA Fairmont Cottage Village, Payments to Developers).

STATEMENT OF PURPOSE: This resolution approves a development agreement with Merge, LLC for the Residence apartments located at 3401 Grand Avenue in Duluth, Minnesota.

On July 19, 2021 pursuant to Resolution 21-0515R, the City Council identified eligible priority uses for $58 million of federal funds from the American Rescue Plan Act. The Council identified affordable housing as a priority and preliminarily allocated $19.2 million of ARPA funds for that purpose. City staff issued a request for proposals on November 29, 2021 for multifamily affordable housing projects and selected Merge Urban Development Group’s proposal to fund.

The agreement provides for the development of a mixed income apartment development which includes construction of eighty (80) new units, not less than thirty-two (32) of which will be affordable to households at 60% or less of area median income, and not less than forty-two (42) of which will be affordable to households at 80% or less of the area median income. Units will be a mix of one-and two-bedroom units. One surface parking lot will be constructed on the East and North sides of the site for tenants and visitors. The agreement term runs until twenty (20) years from after the date of the issuance of Certification of Completion. Construction is anticipated to begin in 2023 with completion by December 31, 2024.

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