



Legislation Text

File #: 18-0384R, **Version:** 1

RESOLUTION OF INTENT TO SUPPORT THE REQUEST BY ART SPACE TO THE STATE OF MINNESOTA FOR THE AWARD OF FOUR PERCENT LOW-INCOME HOUSING TAX CREDITS FOR THE PRESERVATION OF THE WASHINGTON STUDIOS 39-UNIT HOUSING DEVELOPMENT.

CITY PROPOSAL:

RESOLVED, that the Duluth city council hereby expresses its support for Art Space's request for funding to the Minnesota Housing Finance Agency (MHFA) for 4% low-income housing tax credits to assist in financing and preservation of the 39 units located at Washington Studios.

STATEMENT OF PURPOSE: This resolution expresses the city council's support of an application to be submitted to the MHFA by Art Space for low-income housing tax credits that may be awarded by MHFA for the preservation of the 39 units at Washington Studios. The request is for an estimated \$4,270,648 in housing tax credit financing to support the \$11,379,718 housing preservation. The developers claim 51 points on the "Self-Scoring Worksheet 2019 Housing Tax Credit Program", which MHFA uses to select projects statewide to be awarded credits. Typically, 4% credit applications are used for building rehabilitation projects and have a lower subsidy amount; therefore, the state has some flexibility in the award process.

The Washington Studios project was created in 1995 to provide 39 live/work units for artists in an old school building location in the downtown area, across from the Central Hillside Community Center. The owner of the building would like to resyndicate the funds and extend the affordability time period, therefore preserving the units. The new funds in the building would be used for roof replacement and other needed rehabilitation. 20 of the 39 units are affordable to households making 50% AMI, while the remaining 19 units are allocated to households making 60% AMI.

MHFA requires tax credit applicants for housing developments in Duluth to receive the support of the city council. The support is required to assure that a given proposal is a priority for the city of Duluth, and that it meets a locally identified housing need. The 2014 Maxfield housing study for the city of Duluth identified the need for more rental units for households earning \$50,000/year or less. The demand for this type of housing has been further considered through other staff analysis as part of the Imagine Duluth 2035 comprehensive plan update, and has been confirmed during development of the annual Housing Indicator Report.