



Legislation Text

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RESOLUTION OF SUPPORT FOR ARTSPACE PROJECTS INC.'S REQUEST FOR LOW INCOME HOUSING TAX CREDITS AND THE CONDITIONAL COMMITMENT OF UP TO \$1,800,000 OF AMERICAN RESCUE PLAN ACT FUNDING FOR THE REHABILITATION AND EXPANSION OF THE EXISTING WASHINGTON STUDIOS PROPERTY.

CITY PROPOSAL:

RESOLVED, that the City of Duluth hereby expresses its support for Artspace Projects, Inc.'s request to the Minnesota Housing Finance Agency (MHFA) for the allocation of low-income housing tax credits and/or for other funding provided by MHFA, to rehabilitate the existing 39 units and add six new units to the existing Washington Studios property in the Central Hillside neighborhood of Duluth (the "Project").

BE IT FURTHER RESOLVED the City Council of the City of Duluth does hereby conditionally commit up to \$1,800,000 of American Rescue Plan Act (ARPA) funding to fund a portion of the cost of the Project, subject to the Developer, Artspace Projects, Inc., successfully securing the necessary funding from MHFA and other funding sources to ensure project completion by 2024 and to the approval of a development agreement between the City and the Developer.

STATEMENT OF PURPOSE: This resolution expresses the City Council's support of an application to be submitted to MHFA by Artspace Projects, Inc. for low-income housing tax credit and other Super RFP funding that may be awarded by MHFA for the redevelopment of the existing Washington Studios. The deadline for submission of the application to MHFA is July 15, 2022. MHFA intends to finalize funding decisions at their December 15, 2022 board meeting. Additionally, this resolution expresses support of a commitment of up to \$1,800,000 of the City's ARPA funding. Artspace Projects, Inc. was one of six proposals selected through the City's Multi-family RFP process to receive ARPA funds. The City and Developer will negotiate a formal development agreement and solicit Council approval for use of ARPA funds, subject to the Developer successfully securing the necessary funding from MHFA and other sources to ensure construction completion by 2024.

The proposed rehabilitation of the existing Washington Studios property will include the creation of six (6) new housing units, adding to the existing 39 units, through the adaptation of existing building area and resulting in a more efficient unit configuration. The project will address significant physical needs at the property that includes full redevelopment of the residential portion of the building, including restoration and preservation of the structures envelope, a complete overhaul of the heating and makeup air systems, and renovation of all existing residential units. The aim is to modernize the building's systems to create a more efficient and sustainable operations long term. Units will serve households at or below 60% AMI. The building will maintain its focus on providing Duluth arts community affordable live/work housing.

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 locally identified housing needs. A 2019 Maxfield Research Inc. housing analysis reported that Duluth could absorb up to 3,509 additional units of affordable housing by 2024. The demand for this type of housing has been further substantiated through staff research and analysis during both the Image Duluth 2035 comprehensive plan update and annual Housing Indicator Reports.

