



## Legislation Text

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**File #:** 22-0372R, **Version:** 1

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RESOLUTION OF SUPPORT FOR FAITH HAVEN, INC'S REQUEST FOR LOW INCOME HOUSING TAX CREDITS AND A CONDITIONAL PRE-COMMITMENT OF \$200,000 FISCAL YEAR 2023 COMMUNITY DEVELOPMENT FUNDING FOR THE REHABILITATION OF THE EXISTING 124 UNIT FAITH HAVEN SENIOR LIVING FACILITY.

### CITY PROPOSAL:

RESOLVED, that the proper City officials are hereby authorized to express support for Faith Haven, Inc.'s request for funding to the Minnesota Housing Finance Agency (MHFA) for low-income housing tax credits and/or other funding provided by MHFA, to rehabilitate the existing 124-unit Faith Haven Senior Living facility in the Spirit Valley neighborhood of Duluth (the "Project").

BE IT FURTHER RESOLVED, that the proper City officials hereby approve a pre-commitment of Fiscal Year (FY) 2023 funds to be received by the City of Duluth as allocated by the federal Housing and Urban Development Department (HUD) for redevelopment of the Project. The award of \$200,000 will be contingent upon the Developer, Faith Haven, Inc., successfully securing the necessary funding from MHFA and other funding sources to ensure project construction by 2024 and to the approval of a development agreement between the City and the Developer therefore.

STATEMENT OF PURPOSE: This resolution expresses the City council's support of an application to be submitted to MHFA by Faith Haven, Inc. for low-income housing tax credits and other Super RFP funding that may be awarded by MHFA for rehabilitation of the existing 124-unit affordable senior housing facility. 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 provides for a pre-commitment of a portion of the City's FY 2023 HUD allocation for rehabilitation and preservation of affordable senior apartment units. The pre-commitment of City funds is evidenced by City Council's support for the project. The Community Development Committee considered the request by Faith Haven, Inc. for pre-commitment of funds at their April 13, 2022 meeting. The Committee voted to recommend City Council approval of the proposed resolution.

The building is located at 4901 Grand Avenue in the Spirit Valley neighborhood of Duluth. Faith Haven opened in 1971 and is now in need of significant renovation and modernization. The 124-unit building provides rental opportunities for seniors 62+ whose income does not exceed 80% of Area Median Income. While no longer holding a HUD contract for rent restriction, Faith Haven's current rental statistics show the majority of tenants making 30-50% of AMI. Rehabilitation will include updates to each living unit, asbestos abatement, reconfiguration of existing bathrooms to be ADA-compliant, exterior enhancements and energy-efficiency upgrades.

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.

