



Legislation Text

File #: 21-0642R, **Version:** 1

RESOLUTION AUTHORIZING CITY OFFICIALS TO ALLOCATE FUNDS FROM THE VACANT BUILDING REGISTRATION FUND IN AN AMOUNT NOT TO EXCEED \$75,000 TO ASSIST THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH TO PROVIDE FOR REMOVAL OF A STRUCTURALLY UNSOUND BUILDING IN THE CITY OF DULUTH. (REPLACEMENT)

CITY PROPOSAL:

WHEREAS, the Vacant Building Registration Fund was created in 2015 via resolution 15-00865R to assist in the abatement and demolition of blighted and condemned structures within Duluth; and

WHEREAS, the Esmond Building (formerly Seaway Hotel) is severely damaged and condemned for human habitation; and

WHEREAS, the Duluth Economic Development Authority (DEDA) has authorized a Development Agreement with Merge, LLC for redevelopment of the property into a multi-family residential project resulting in 40 apartment units, the average rent set at a rate affordable to those earning an income at or below 80% of the area median income; and

WHEREAS, the City Council of the city of Duluth will review said Development Agreement between DEDA and Merge, LLC at their August 16, 2021 meeting via resolution 21-0584R; and

WHEREAS, to assist Merge, LLC with the cost of redevelopment, the Housing and Redevelopment Authority of Duluth (HRA) will finance demolition of the structurally unsound building; and

WHEREAS, absent the proposal for redevelopment by Merge, LLC for redevelopment of the site, the existing building would still need to be razed at the earliest possible time, which would result in a vacant site; and

WHEREAS, the Housing and Redevelopment Authority of Duluth will provide to the City a copy of the demolition contract prior to work beginning and a certificate of completion once the demolition has been completed

NOW, THEREFORE, BE IT RESOLVED, that the proper city officials are hereby authorized to allocate funds from the Vacant Building Registration Fund (210-030-3132) in an amount not to exceed \$75,000 to assist the HRA in the demolition of the Esmond Building located on the corner of West Superior Street and North 20th Avenue West.

STATEMENT OF PURPOSE: This resolution authorizes city officials to allocate funds from the Vacant Building Registration (VBR) Fund in an amount not to exceed \$75,000 to assist the Housing and Redevelopment Authority of Duluth (HRA) to provide for removal of the structurally unsound Esmond Building (formerly Seaway Hotel) located at the corner of West Superior Street and North 20th Avenue West. The VBR Fund was created in 2015 to assist the City with abatement and demolition of blighted and condemned structures. The Duluth Economic Development Authority (DEDA) authorized a Development Agreement with Merge, LLC (Developer) for redevelopment of the property into a multi-family residential project resulting in 40 apartment units, all of which will be affordable to residents earning at or below 80% of the area median

income. City Council reviewed said Development Agreement at their August 16, 2021 meeting, and adopted resolution 21-0584R. The HRA has agreed to fund demolition costs to assist the Developer with redevelopment costs, because the demolition must proceed with or without the project. Even if the proposal by Merge, LLC were to fail to proceed, the existing structure is vacant and must be razed at the earliest possible time due to safety and security issues, and due to concerns regarding the structure's integrity.