



Legislation Text

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RESOLUTION APPROVING A PRE-COMMITMENT OF \$275,000 FISCAL YEAR 2020 FUNDING ALLOCATION TO THE CITY OF DULUTH FROM THE HOUSING AND URBAN DEVELOPMENT (HUD) DEPARTMENT FOR THE CONSTRUCTION OF THE DECKER DWELLINGS APARTMENTS, AND SUPPORTING ITS CONSTRUCTION.

CITY PROPOSAL:

RESOLVED, that the city council hereby approves a pre-commitment of Fiscal Year (FY) 2020 funds to be received by the city of Duluth as allocated by the federal Housing and Urban Development Department for the construction of the Decker Dwellings apartments. The award of the \$275,000 will be contingent upon the developer, One Roof Community Housing, successfully securing major funding support from the Minnesota Housing Finance Agency (MHFA) and other funding sources to enable construction to begin next year. The award is also contingent upon the city's receipt of an expected FY 2020 HUD grant award. The development of Decker Dwellings will contribute to achieving housing goals in the 2015-2019 City of Duluth Consolidated Plan and the Continuum of Care's 10 Year Plan to End Homelessness.

FURTHER RESOLVED, that the city council finds that the proposed Decker Dwelling apartments site was recommended for multi-family housing development as part of a local planning process, entitled "Duluth Housing Action Framework," adopted by city council resolution 17-0435R, and affirmed in the Imagine Duluth 2035 Comprehensive Plan, adopted June 25, 2018; and that the location for the Decker Dwelling Apartments is located in the Miller Hill Core Investment Area, a neighborhood node identified as a priority in the Comprehensive Plan.

FURTHER RESOLVED, that the city council hereby expresses its support for One Roof Community Housing's application for funding from MHFA for low-income housing tax credits to assist in financing and development of the Decker Dwellings housing development.

STATEMENT OF PURPOSE: This resolution provides for a pre-commitment of a portion of the city's FY 2020 HUD allocation for the construction of the Decker Dwellings apartments. One Roof Community Housing is the developer and will be the owner. The building will be located off Decker Road, adjacent to the Schneiderman's Furniture store near the Miller Hill Mall. This project will be composed of 42 units, with the majority of the units being two-bedroom units (933 square feet). The remaining units will be comprised of one-bedroom units (642 square feet) and three-bedroom units (1,167 square feet). The units will be rented to households making 30 to 80% of area median incomes. Four units will be reserved for permanent supportive housing for individuals experiencing homelessness.

The total estimated cost of the project is \$9,739,871. In January 2019, One Roof Community Housing will be submitting an application to MHFA for the majority of the funds needed to construct the building. This pre-commitment of city funds is evidence of the city council's support for the project.

The \$275,000 will be a grant issued from the City of Duluth's 2020 HOME allocation to One Roof Community Housing for the construction of the Decker Dwelling Project. The \$275,000 in HOME funds will be a grant that will not need to be paid back to the City, unless the City of Duluth finds the Decker Dwelling project does not fully meet HUD income and rental requirements. One Roof Community Housing may lend the granted HOME

Funds to the ownership entity of the proposed Decker Dwellings to be coterminous with the First Mortgage and at an interest rate that does not exceed the Applicable Federal Rate. The City of Duluth will at a minimum monitor the Decker Dwelling project for 20 years to insure all applicable requirements are met. The \$275,000 will be available for the Decker Dwelling Project when the 2020 HUD funds have been allocated to the City of Duluth.

The community development committee considered the request by One Roof Community Housing for pre-commitment of funds at its March 27, 2018 meeting. The committee voted to recommend city council approval of the proposed resolution.